FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,243 Thursday August 14 1980 ***25p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 5.00; PORTUGAL Esc 45; SPAIN Pta 70; SWEDEN Kr 5.00; SWITZERLAND Fr 2.0; EIRE 25p; MALTA 20c

NEWS SUMMARY

GENERAL

CEGB goes for wind power

British engineering companies are being asked to design windmills that could produce power by the mid-1980s.

The Central Electricity Generating Board is looking for a site to build a cluster of aerogenerators, about as high as the tallest electricity towers. Cost is put at about £10m.

British Aerospace, Taylor Woodrow, McAlpine and Northern Engineering Industries are already working on design projects. Page 6 and Back

Talbot 15% offer

Talbot UK, where about 11,500 car workers are about to go on short time, is hopeful that its 15 per cent pay offer, over 18 months, will be accepted. Shop tewards at BL Cars, where production of the Ital, launched last month, has been cut from 2,200 a week to 1,960, have asked for a 20 per cent rise. Back Page

The Football Association says Coventry City cannot be renamed Coventry Talbot. Page 6

BSC withdraws

Having examined seven documents the Sunday Times said it obtained from the steelworkers' union, the British Steel Corporation has ended its High Court action to prevent the newspaper from publishing details. Page 6

In The Observer dispute, Owen O'Brien, general secretary of the print union NATSOPA, has opposed the suggestion that his members would consider taking over the work of machine managers in another union. Page 7

Archbishop's plea

The Archbishop of Canterbury has appealed to Ayatollah Khomeini for the release of three Britons held in Iran—Miss Jean Waddell, former secretary to the Bishop of Iran, and medical missionaries Dr. John Coleman and his wife Audrey.

Journalist freed

U.S. journalist Mary Helen Spooner, correspondent of the Financial Times and The Economist, has been released in La Paz where she had been detained by the Bolivian military authorities. Page 3

Secret revealed

The secret holiday venue of Mrs. Thatcher and her husband has been uncovered. They flew to Switzerland in an RAF aircraft to be the guests of Sir Douglas Glover, a former Tary MP, at a castle near Zug.

Choppy Channel

Cross-Channel sea traffic was badly disrupted as the three-week-old French trawlermen's dispute spread from Boulogne to Le Havre, Calais and other ports. Page 2

Briefly . . .

Israel Premier Menahem Begin won a 58-39 Knesset vote endorsing new Justice Minister's appointment. Page 4

French wine vintage prospects ar e70m to 75m hectolitres—better than once expected. Page 4

Irish police now believe that last week's Bundoran, Donegal, hotel fire that killed ten was an accident.

Hull Prison assistant governor Jim Hewitt was recovering after being stabbed by a life prisoner.

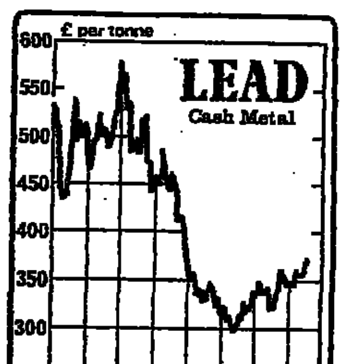
Four young glue-sniffers thought they were hallucinating while a friend was drowning, and did not attempt a rescue, a Glasgow inquest was told.

Guerillas shot two Soviet soldiers and three Afghans near Kabul golf course.

BUSINESS

Lead up £5.5; Gold adds $4

● LEAD advanced strongly on news of a fall in U.S. refiners' stocks and fears of a strike at



U.S. producer Bunker Hill. Cash metal rose £5.5 to £374 a tonne, the highest level since May. Page 23

● GOLD rose $4 in London, closing at $614.5. Page 19

● DOLLAR reversed Tuesday's losses, to finish at DM 1.7820 (DM 1.7795). Its trade-weighted index was unchanged at 84.2. Page 19

● STERLING was firmer, rising 25 points to $2.3760. Its index was 75.5 (75.3). Page 19

● EQUITIES were gloomy against a backdrop of the deepening recession. The FT 30-share index fell 6 points to 474.6. GOLDS staged a modest rally, however, and the Gold Mines index put on 6.2 to 354.2. Page 24

● GILTS remained at a low ebb. The FT Government Securities index lost 0.01 to 69.33. Page 24

● WALL STREET was 1.45 down at 950.94 near the close. Page 22

● BANK OF CHINA has made its first loans since 1956 to private businesses. Page 4

● REAL incomes must fall next year if industry is to improve its competitiveness abroad and create jobs, says the Dutch Finance Minister. Page 2

● INDIA has been given its first IMF credits for five years after a record depletion of its foreign exchange reserves. Back Page

● GOVERNMENT has rejected the CBI request for more state aid for industry. Back Page

● PETTER Refrigeration and TI Raleigh Industries are the first two companies to be investigated by the Office of Fair Trading. Back Page

● CAR MAKERS from Britain and Japan meet for talks next month, amid growing UK concern at the level of Japanese exports and increasing Japanese impatience at UK restrictions. Page 4

● MICHELIN has shut its Nigerian tyre plant for at least a month after nightshift workers ransacked it and injured two expatriate management staff. Page 4

● SHELL, accused by dealers of "making too much profit" out of them, has agreed to discuss petrol retailers' margins. Page 5

● CHUBB has put its cash register workers on a two-day week pending a decision whether to stop manufacturing. Page 6

● CARRINGTON VIYELLA, textile and clothing group, plunged from pre-tax profits of £5.09m to a loss of £1.21m in the six months to June 30. Page 17; Lex, Back Page

● GENERAL ACCIDENT Fire and Life Assurance lifted first half taxable profits by 31 per cent to £40m (£30.5m). Page 17; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Derritron	33½	+ 3½
General Accident	308	+ 6
Glossop (W. & J.)	44	+ 6
HK Land	131	+ 7
Horizon Travel	255	+ 5
Imry Property	765	+ 35
Renold	80	+ 4
Toye	67	+ 7
Wholesale Fittings	845	+ 25
Ayer Hitam	320	+ 15
Hongkong Tin	350	+ 30
Poseidon	214	+ 6
President Brand	£21⅛	+ 1⅛
Rustenburg Plat.	234	+ 10
Western Deep	£19⅞	+ 1
Western Mining	293	+ 6
FALLS		
Assoc. Engineering	53	— 3
Brit. Home Stores	154	— 5
Bruntons (Musselburgh)	78	— 10
Debenhams	69	— 4
Dreamland Elect.	28	— 3
E.R.F.	66	— 4
GEC	476	— 8
GKN	230	— 8
Hawker Siddeley	226	— 4
Holt Lloyd Intl.	82	— 6
ICI	360	— 6
L.C.P.	69	— 4
Land Securities	358	— 6
Lloyds & Scottish	148	— 4
Smith (W. H.) A	142	— 4
Solicitors' Law	22	— 4
U.D.T.	61†	— 2
Woolworth (F. W.)	51	— 4½
Yorkshire Chemicals	34	— 4
BP	350	— 4
Burmah Oil	192	— 5
Candecca	186	— 9
LASMO	692	— 16
Shell Transport	408	— 6

† At suspension

Trustee Savings Banks to take stake in UDT

BY CHRISTINE MOIR

THE TRUSTEE SAVINGS BANKS group is to take over 75 per cent of United Dominions Trust's £450m investment instalment credit business as part of its plan to establish itself as a major force in retail banking.

In the past three years it has introduced overdraft, mortgage and personal loan facilities, offered depositors home improvement loans and incurance policies. The provision of HP facilities, offered by all the main clearing banks, is another major step.

For United Dominions Trust the deal puts an end to six years of struggling which followed the collapse of the secondary banking sector in 1974 and left UDT as one of the biggest passengers in the City life boat, carrying nearly £500m of support loans from the support group headed by the Bank of England.

Under the deal, which has the blessing of the Treasury and the Bank of England, the TSB will inject £57.75m into a slimmed down UDT which will be stripped of all but its HP business.

The rest of UDT's trading operations—ranging from the International Commodities Clearing House to Swan National, the motor hire group, and a collection of industrial companies—are to be transferred to a new company, Endeavour Investments. Net assets of Endeavour are expected to be about £100m.

Endeavour will keep a 25 per cent interest in UDT, leaving in £12.25m of capital to represent that interest.

UDT shareholders will be offered new shares in Endeavour to replace their existing onces.

News of the deal coincided with the preliminary trading figures for UDT which showed that pre-tax profits for the year to end of June had collapsed from £20.1m to £11.2m.

The main problem area was instalment credit, which lost £2.9m compared with profits of £5.6m the previous year.

Mr. Leonard Mather, UDT's chairman, said the results were creditable in a period when the average cost of money had risen by 4½ per cent. UDT, with 75 per cent of its HP portfolio lent on fixed rates of interest, was particularly vulnerable to such moves.

The same business under the TSB would be profitable because the TSB would be able to provide funds for the loan book from its own depositors at a lower rate than UDT had to pay through the market.

For this reason, Mr. Mather said, the deal with the TSB was "the most perfect marriage the City has seen for many decades. We have the experience but we are short of money and lack capital. The TSB has the resources and the opportunity to extend the business."

Sir John Read, ex-chairman of EMI, who recently took over the chairmanship of the TSB Central Board, confirmed that the savings bank group saw good prospects for the instalment credit business once it had been properly capitalised.

This was reflected in the fact that the TSB was prepared to pay a premium of £5.25m over net asset value for its share of UDT.

The new capital, provided entirely from the TSB's own resources, would largely replace the near-£100m of expensive support loans still outstanding from the 1974 crisis.

The TSB has reserves of £400m and depositors' funds of £5.5bn. It already has a footing in consumer finance with a credit book of about £170m and a further £50m of credit card business. However, Mr. Tom Bryans, joint chief executive of the TSB, said there was still a big problem in restructuring the loan portfolio to match more closely those of the clearing banks.

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President claims Democratic Party nomination

Carter praises Kennedy speech

By Jurek Martin and David Buchan in New York


President Carter and Mr. Mondale greet their supporters.

AN EBULLIENT President Jimmy Carter descended on New York yesterday to claim the Democratic Party's Presidential nomination from a convention still buzzing from the impact of Senator Edward Kennedy's speech on Tuesday.

The President said Mr. Kennedy's address was "one of the greatest political speeches I have ever heard. I think it will go a long way toward unifying our nation and guaranteeing a victory in November."

But the price which Mr. Kennedy exacted for his support of the President, and the strengthened determination of Kennedy liberals to shape the party's policies to their own liking meant the Carter forces working hard yesterday to have the President from further embarrassment, both here and in the forthcoming Presidential election.

Under new party rules, Mr. Carter must put in writing before the nomination roll call his objections to those parts of the party's economic platform, passed by the Convention in the wake of Mr. Kennedy's address, that he finds unacceptable.

Mr. Jody Powell, the Presidential press secretary, promised that Mr. Carter would do this: "Most Americans," he said, "respect a President who makes decisions on his best judgment of the nation's interests, and they expect he will not alter those judgements for some transient political advantage at a convention."

Facing inevitable defeat, Mr. Carter's lieutenants on Tuesday night acceded to the convention's endorsement of the Kennedy proposals for a $12bn (£5.04bn) jobs programme and a pledge to contain unemployment. They did manage to win rejection of the mandatory wage-price controls the Senator had advocated.

This compromise was rammed through the convention by its chairman, Congressman Thomas "Tip" O'Neill, the Speaker of

Continued on Back Page

Woolworth profits fall £16m

BY DAVID CHURCHILL

F. W. WOOLWORTH, which has more than 1,000 high street stores in Britain, yesterday announced a £16m slump in its interim pre-tax profits.

The company said that the economic recession and its effects on retail spending made the full-year results "unpredictable."

The profit fell by more than had been expected by many in the City and Woolworth's shares fell by 4½p to 51p by the end of trading last night.

The company's poor trading performance so far this year has forced it to cut staff numbers by natural wastage and put staff in about 10 per cent of its stores on short-time. Further cuts, including redundancies, are likely if the sales performance remains weak.

In the six months to the end of July, Woolworth's pre-tax profits were £291,000 compared with £16.264m in the first half of last year. Turnover, excluding value added tax, over the same period was up by less than 3 per cent to £403.85m, compared with £393.09m last year. This represents a substantial fall in sales in real terms, after allowing for inflation.

Woolworth's board has decided to reduce the interim dividend payment from 1.3475p to 1.225p a share. The board said that staff had co-operated on short-term working and it considered "a commensurate cut in the dividend could be expected by way of stockholder contribution."

Mr. Geoffrey Rodgers, Woolworth's chairman, said yesterday that the company had made no real sales progress in the last six months. "The country is now in the midst of a very serious recession, and in a recession the retail industry is the first to suffer," he said.

Woolworth's City critics claimed that the company's bad trading position was a result of a too conservative management approach during the past decade.

The City was particularly upset at the dividend cut coming so soon after Woolworth announced it was buying the B and Q (Retail) chain earlier this month for £16.6m.

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Sympathy strikes curb hint by Prior

By Christian Tyler, Labour Editor

THE POSSIBILITY of a further restriction on sympathetic industrial action was hinted at yesterday by Mr. James Prior, Employment Secretary, when he was questioned by the Commons Select Committee on Employment.

He said a Green Paper on trade union immunities, due before the end of the year, might consider whether a secret ballot of workers intending to take sympathetic action should be required in order to give that action immunity from civil prosecution.

The new Employment Act retains immunity for workers who take so-called "secondary action" provided they interrupt only work or supplies destined for the employer involved in the primary dispute. There is no mention of ballots.

Mr. Prior's reference to a secret ballot was only a passing remark made in a long defence of the legislation and its associated draft codes of practice on picketing and the closed shop.

Conservative MPs on the committee complained these did not go far enough. Labour MPs said they would make industrial relations worse, not better.

It is now clear that the Queen's Speech in November is unlikely to contain any proposal for further legislative reform of the unions. Even if the Green Paper recommends reforms they would not come until the 1981-82 session.

The paper may for instance discuss whether negative immunities should be translated into positive trade union rights, as in many Continental legal systems.

The most sustained attack yesterday came from Mr. John Gorst, the Tory Right-winger. Asked by Mr. Gorst what he would do if the codes did not work, and how long he would wait to act, Mr. Prior said: "I think it can be assumed that because there is not total compliance with the code the alternative is necessarily legislation." It was no good passing laws that did not carry conviction and consent. "I don't want to enter a debate now about how long and what next, and so on."

Earlier he said the Government did not expect the legislation to change attitudes overnight. Some people would be out to test it and discredit it, even though it had the country's support. "We must not be daunted by immediate failures."

Brixton pickets arrested, Page 7

Transfers to Eurosterling distort growth

BY DAVID MARSH

BRITISH COMPANIES have been creating additional complications for the Government's monetary policies by transferring abroad large amounts of short-term sterling deposits since last autumn's abolition of exchange controls.

Higher interest rates are attracting into foreing centres such as Paris and Brussels.

The transfers have added to the already considerable margin by which the Government's main money supply aggregate, sterling M3, has been understating the true rate of monetary growth this year.

Funds shifted into the external sterling, or Eurosterling, market from the UK can be withdrawn and spent domestically just like deposits held in Britain. But Eurosterling holdings are not recorded in the official money supply statistics, which measure only deposits with the domestic banking system.

As a result of the ending of exchange controls and the increased astuteness of company treasurers, UK authorities may have to take increasing note of sterling holdings by British residents in foreign banks when assessing future monetary strategy.

The Bank of England and Treasury found it difficult to montitor developments because figures on the Eurosterling market, which are compiled by the Bank for International Settlements, are released only four or five months after the date to which they refer.

Latest BIS statistics, referring to the first three months of this year, give some idea of the shifts that have taken place. About $1.5bn (£650m) flowed from the UK into Eurosterling deposits during that period. Over half is understood to have been accounted for by UK companies, other than banks, and individuals who built up their total Euromarket holdings of all currencies by $1.5bn in those months.

If the build-up of sterling funds offshore by companies and individuals had been taken into account in the money supply figures, sterling M3 would have risen by at least 2.3 per cent in the first quarter compared with the published 1.7 per cent, on the basis of seasonally adjusted Bank of England figures.

Funds from the UK were a principal factor behind the 31 per cent growth in total Eurosterling deposits during the first quarter. Oil exporting countries also built up their holdings by $800m.

In dollar terms, the total volume of Eurosterling deposits doubled between autumn, 1978, and March this year to $19.4bn—underlining the speed with which sterling has again become an internationally held currency.

It became clear last week that this year's sterling M3 figures have been concealing the full extent of monetary expansion, when preliminary figures showed that sterling M3 jumped 5 per cent last month. The full figures are due to be published today.

The surge in money supply last month was mainly due to the unwinding of distortions following the ending in June of the Bank of England's "corset" controls on bank deposits. Lending operations which had been driven outside the banking system by the corset—and had thus lowered sterling M3—re-entered the money supply figures when the restrictions were lifted.

The corset scheme imposed punitive reserve levies on banks which built up their interest-bearing deposits above certain limits. As UK banks were dissuaded from bidding for funds, the controls clearly depressed domestic interest rates in relation to Eurosterling levels.

This provided an incentive for corporate customers to shift deposits abroad—which, before the ending of exchange controls, they could do only with official authorisation.

The Eurosterling deposits are nt expected fully to re-enter the UK banking system, despite the demise of the corset.

This is because the interest rate gap between Eurosterling and domestic bank deposits has not been completely eroded by the abolition of the corset.

Deposit interest raes on short term Eurosterling deposits have recently outstripped those available on the London market by between ½ and ¾ percentage points. This has led to a continuing flow of funds offshore over the last month or so, according ot London bankers.

One clearing banker said yesterday: "If any corporate treasurer worth his salt sees a first class bank in Brussels paying ½ per cent more for deposits, he will put his surplus liquidity there rather than in London."

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£ in New York

—	Aug. 12	Previous
Spot	$2.3785-3800	$2.3705-3713
1 month	1.46-1.41 dis	1.50-1.45 dis
3 months	3.50-3.45 dis	3.67-3.62 dis
12 months	7.75-7.60 dis	7.80-7.65 dis

CONTENTS

For latest Share Index 'phone 01-246 8026

TOTAL OPERATING SURPLUS DOWN 4% TO £3BN

W. German bank profits squeezed

BY KEVIN DONE IN FRANKFURT

BANK PROFITABILITY in West Germany showed a sharp decline last year, as many institutions failed to react quickly enough either to counter the impact of the tight monetary policy imposed by the Bundesbank or to understand the consequences of the fierce competition which dominated some sectors of banking business.

According to a comprehensive study of bank profitability published yesterday by the Bundesbank, the West German central bank, the combined operating profit of the banking sector declined last year by some 4 per cent to DM 12.6bn (£3bn).

Most banks were still scrambling to increase the volume of their business, with the result that the combined increase was 11.5 per cent. Many realised too late, however, that the extra business could only be taken on at the cost of depressing their margins. As a result, the after-tax profits of the banking sector fell by 13.3 per cent last year to DM 10.3bn.

Foreign banks with branches in West Germany were among those hardest hit by the mounting cost of refinancing their credit business. The after-tax profits of the branches of foreign banks—more than 50 are now established in the Federal Republic—slumped dramatically by 46.5 per cent to DM 92m.

Those banks represent less than 3 per cent of the total business volume of the West German banking sector, but the Bundesbank study underlines the problems many are facing in establishing operations in the Federal Republic.

Even the major private commercial banks, which include the largest West German institutions, failed as a group to emerge from last year's difficult banking year unscathed.

The Deutsche Bank was a notable exception and took decisions early last year to start concentrating its new business strategy on quality rather than quantity. But, as the Bundesbank report shows, the combined after-tax profits of the sixbig banks fell by 13.4 per cent to DM 1.4bn, while their operating profit declined by 10.2 per cent.

According to the Bundesbank, the commercial banks' chief failure lay in their slowness to adapt interest rates to the costs of refinancing their loans. In addition, many institutions were too late to concentrate the expansion of their business on the more profitable banking sectors.

The central bank reports: "Despite the 'brake signals' sent out by the Bundesbank, the banks continued to aim at expanding their business." In particular, it draws attention to the fact that the banks tried especially hard to promote their retail banking operations — one of their most costly activities—which had the result of sharply boosting their administration and personnel costs.

The squeeze on banks' margins was made worse because of the large number of fixed-interest, long-term loans granted by the banks in recent years, particularly in 1977 and 1978, when interest rates were low.

On the other side of the business, depositors had shied away from making long-term deposits in this period, and were able to react with greater speed in 1979 when interest rates started rising.

Not surprisingly in these difficult banking conditions, the savings banks and co-operative banks, with their greater access to customer deposits and therefore cheaper means of refinancing, showed the smallest drop in profitability.

The operating result of the savings banks fell by only 0.6 per cent, while the co-operative banks actually improved their operating profit by 20 per cent. Certain other special sectors, such as the mortgage banks, also escaped the worst of the general profits squeeze.

Mr. Fälldin: problems over VAT rise.

Dutch state body denies bribing W. German official

BY CHARLES BATCHELOR IN AMSTERDAM

A DUTCH Government research institute yesterday admitted making payments to a West German Defence Ministry official but denied they were bribes.

The Organisation for Applied Scientific Research (TNO) said it had paid Herr Wilhelm Siemner, DM 1,250 (£300) a month for several years for his work in preparing for a joint Dutch-German research institute and for other advice.

The public prosecutor's office in Bonn said on Monday that it was investigating the payment of more than DM 100,000 in bribes to Herr Siemner, a senior Defence Ministry official in the Weapons Research Department, by an unnamed Dutch company. This company, which turned out to be the TNO, is alleged to have made the payments between 1970 and 1976.

Herr Siemner has denied charges that he gave preference to the Dutch organisation when placing orders.

The TNO said its metals research division had carried out work for the West German Defence Ministry since 1964. The work was originally contracted by Herr Siemner. This co-operation prompted the idea around 1970 for the founding of a joint research centre and the establishment of a TNO office in Dusseldorf.

The plans were dropped in 1973 though Herr Siemner continued to advise the TNO on other matters up to 1976 when contacts were broken off.

Professor Cornelis Verbraak, director of the TNO's metal research division in the early 1970s, said the divison was keen to expand abroad but that the idea was finally dropped because it was feared it could not compete with existing institutes.

Herr Siemner had asked to be reimbursed for money he had spent on the project. A fixed monthly sum was agreed but he was not required to file an expenses claim, Prof. Verbraak said. The TNO's payments have been passed by the General Audit Office, he added.

Payments to special advisers are common, a TNO spokesman said. There would be no reason for these advisers to reveal the payments to their employers or for the TNO to publicise the matter.

The TNO carries out research work over a wide field, including defence, health, food and economic matters. It has a full-time staff of 5,000 working at 35 institutes throughout the Netherlands. Its annual budget of Fl 500m (£109m), 60 per cent provided by Government subsidies and 40 per cent from fees for research contracts.

Herr Schmidt: seeing the sights

Schmidt's E. German tour

BY ROGER BOYES IN BONN

THE FORTHCOMING visit by Chancellor Helmut Schmidt to East Germany—the first by a West German leader for more than 10 years—will include sightseeing in the towns of Rostock and Guestrow as well as talks outside Berlin with Herr Erich Honecker, the East German leader.

The significance of the sightseeing tours is that they will bring the Chancellor into contact with ordinary East Germans, raising the possibility of an embarrassingly effusive welcome. When former Chancellor Willy Brandt visited Erfurt in 1969, he was greeted with enthusiastic chanting while Herr Willy Stoph, the East German Premier, was given a comparatively dour reception.

The Chancellor will travel directly to the meeting by train from Hamburg on August 27 and will hold talks on the following two days. He will be accompanied by Count Otto Lambsdorff, the Economics Minister, and Herr Egon Franke, Minister for inter-German affairs.

The transport question has sparked off some delicate political considerations. To travel via West or East Berlin could raise questions about the status of the city. By returning to West Germany via Rostock and Guestrow, however, the Chancellor has side-steped this issue.

Swedish inflation tops 13%

By William Dullforce in Stockholm

INFLATION IN Sweden accelerated slightly last month and is now running at an annual rate well above 13 per cent. The consumer price rise in July reinforces the pressure for the Government to act; it is already facing difficulty over the increase in value added tax foreshadowed on Monday by Mr. Thorbjörn Fälldin, the Prime Minister.

The opposition is asking for an extraordinary session of the Riksdag (Parliament) to consider the economic situation.

Yesterday the Central Statistical Bureau reported consumer price increases of 0.8 per cent during the month to the middle of July while the state Price and Cartel Board, using a slightly different measure, recorded an increase of 0.9 per cent for July as a whole.

The board puts the 12-month inflation rate at 13.3 per cent against 13.4 per cent by the statistical bureau.

This is only slightly above the average for the OECD countries but is well ahead of the 10 per cent rise in the index this year previously forecast by the Government. The latest price increases also make it certain that wages will rise a further 1 per cent in November.

The settlement reached after the May general strike guarantees workers this extra pay increase, if prices rise by more than 2.7 per cent between March and October. By the end of July, prices had climbed 2.1 per cent, which leaves a margin of only 0.6 per cent for the August-October period.

The 3 per cent VAT increase which the Government wants to introduce on September 1 would raise prices by 2.1 per cent, according to trade union economists.

The demand that MPs be recalled from holiday to consider the economic situation was reiterated yesterday by the Social Democrat opposition. The trade union federation has come out strongly against the attempt to dampen domestic demand by raising VAT.

Minister calls for cuts in incomes

BY OUR AMSTERDAM CORRESPONDENT

REAL DISPOSABLE incomes in the Netherlands must fall by 1.5-2 per cent next year, Mr. Fons van der Stee, the Finance Minister, said yesterday.

Cuts in the incomes of both people in work and those on social security will be needed if industry is to improve its competitiveness abroad and thus create more jobs, he said. The Cabinet will resume discussions soon on the 1981 budget to be announced in mid-September.

The Minister hoped the Cabinet could agree the cuts with the unions and the employers. The Government is anxious to avoid continuing in 1981 the wage curbs imposed earlier this year for fear of provoking a clash with the unions.

Mr. van der Stee said he was opposed to tax cuts to ease the impact of a decline in the value of social security payments. These payments, as well as the minimum wage, have risen more quickly than overall wage levels in recent years. Any relief here would also add billions to public spending levels.

He appealed to people to "grit their teeth" now in order to avoid still greater economic difficulties in future.

His remarks put him on a collision course with the unions, many of which have already reached wage agreements guaranteeing automatic compensation for higher prices next year. These two-year wage contracts, which are unusual in the Netherlands, have been settled to pre-empt a continuation of this year's wage freeze.

There are signs that some parts of the union movement are prepared to accept the Government's arguments. The largest Dutch union, the 310,000-member industrial section of the Netherlands Trade Union Confederation, last month agreed to accept lower real wages in return for job guarantees.

The Cabinet is discussing cuts reportedly of around Fl 6bn (£1.3bn) in projected spending programmes next year to reduce its growing budget deficit from the record Fl 17bn (£3.7bn) expected this year.

Attempt to end N. Sea strike makes progress

By Fay Gjester in Oslo

THE UNIONS and employers involved in the strike affecting 24 Norwegian mobile oil platforms yesterday accepted a government proposal that could bring the dispute to an end.

The rig owners' association and the four striking unions told Mrs. Inger Louise Valle, the Labour Minister, that they were willing to negotiate about the composition and mandate of a wages board that would recommend a compromise solution. Bargaining is expected to be tough, however, and the strike, which has hit exploration and maintenance in both the British and Norwegian waters, will continue meanwhile.

The idea that a mutually accepted wages board could resolve the conflict was put forward by Mrs. Valle on Tuesday. The Government obviously would prefer this kind of voluntary arbitration to a compulsory ruling by a Government-appointed board.

Italian banks besieged in rush to change high-value notes

BY RUPERT CORNWELL IN ROME

THE DISRUPTION caused to banking and commerce in Italy by the abrupt new anti-kidnap regulations on the use of L100,000 (£50) denomination banknotes is showing no signs of abating.

If anything, the problems were growing yesterday for any ordinary citizen unfortunate enough to be left in possession of one of these big notes. So was criticism that the move by a Calabrian magistrate to bar their presentation at a bank or post office without a personal identity document is both counterproductive and nationally embarrassing.

On the second day of the ban, the note, the largest in circulation, had become unusable in many places. Although technically its status as legal tender is unaltered, shops and other outlets were refusing to accept them for fear of subsequent problems when they paid the banknotes into their accounts and their serial numbers were recorded.

Swiss border banks yesterday were refusing to accept L100,000 notes, widely used for clandestine cross-frontier currency transfers from Italy. The head of Compagnia Italiana Turismo the large state-owned travel concern, warned last night that the provision could have a further damaging effect on foreign tourism, after the recent kidnap and terrorist scares.

Banks yesterday were besieged by people, armed with identity cards, seeking to change the notes into smaller denominations of L50,000 (£25) and L20,000 (£10). But fears were growing that there might not be enough of them to fill the gap left by the effective halt on use of the L100,000 note.

The current state of affairs stems from attempts by magistrates in Reggio Calabria to trace money used for the payment of kidnap ransoms. For obvious practical reasons, such payments, of up to L1bn (£500,000) on occasion, are paid in used L100,000 notes.

● Sig. Vito Lipari, mayor of the western Sicilian town of Castelvetrano, was shot dead yesterday almost certainly by Mafia gunmen. He is the third local Christian Democrat politician to be killed by the Mafia in Sicily in the past 18 months.

His death, moreover, comes just a week after the murder in central Palermo of Sig. Gaetano Costa, the city's chief public prosecutor, who was investigating the banking and financial aspects of the Sicily-U.S. drugs traffic. The Mafia is again assumed to have been responsible.

France to tighten ship safety

PARIS—M. Joel Le Theule, the French Transport Minister, has signed orders giving a single state body responsibility for safety on French merchant vessels. The decision was prompted by the explosion aboard a French tanker in Bantry Bay that killed 50 people in January 1979.

M. Le Theule told a Press conference that France's port authority would now be responsible for safety on-board. The responsibility had been divided between a number of authorities.

The Irish investigators of the Bantry Bay disaster concluded that poor maintenance had caused structural faults in the tanker, Betelgeuse, that led to the break up and explosion of the vessel.

AP

French trawlermen block more Channel harbours

BY DAVID WHITE IN PARIS

CROSS-CHANNEL sea traffic was severely disrupted yesterday as a three-week-old trawlerman's dispute spread from Boulogne to other ports in the north of France and Normandy.

Fishing boats blockaded the harbours of Boulogne and Le Havre for several hours. Dieppe was paralysed for part of the night. Delays and bottlenecks were reported at Calais, the main rail port for passengers between France and England.

The strike, over trawler companies' latest economy proposals, by yesterday morning had hit eight fishing ports, stretching from Boulogne as far as Granville in Normandy.

In Boulogne itself, France's largest fisheries centre, unions staged a "dead town" protest reminiscent of the fierce steelworkers' movement of early last year. Shopkeepers were instructed to close down and demonstrators paraded in the town centre yesterday afternoon. Car and rail ferry services were brought to a halt.

Other protests were being planned in Normandy holiday resorts. M. Joel Le Theule, the Transport Minister, added fuel to the fire on Tuesday by saying the Government would not intervene and would not increase its subsidies to trawler owners.

An aid programme of FFr 30m (£3m) was announced in April. M. Le Theule said FFr 18m of this was still available to help fishing companies through reorganisation plans, but he ruled out a special subsidy to compensate for rising fuel costs. This appears to be the crux of the dispute. The companies originally proposed to dock a percentage of trawlermen's pay to offset the extra cost.

The Minister said it was up to the companies and the seamen to resolve the conflict among themselves. It was their fault if Boulogne suffered.

His statement brought a fiery response from the French Communist party, which is taking an active role in the protests. M. Roland Leroy, a member of the Communists' political bureau, said in Boulogne that France's aid programme fell below that of some other EEC countries, including Britain's.

Robert Graham reports from Madrid on Spain's political malaise

Suarez isolates himself from conflict

LEAKS AND rumours are a familiar part of Spanish politics. But in recent months there has been a notable increase in both leaks and rumours surrounding the supposed intentions of Sr. Adolfo Suarez, the Prime Minister.

This partly reflects the way in which Sr. Suarez has chosen to isolate himself in the Prime Minister's office on the outskirts of Madrid, the Moncloa Palace.

His reclusive approach to Government is leading politicians and journalists to adopt a highly inexact science of "Moncloaology" — divining and enterpreting the Prime Minister's policies. As there is little clear definition or evidence of his policies, the emphasis tends to rest on divining rather than interpreting.

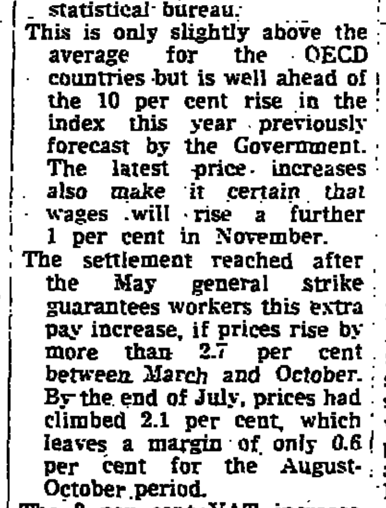
In this respect, a substantial number of journalists and politicians are convinced that there is a conflict of view between Sr. Suarez and Sr. Fernando Abril Martorell, the Deputy Prime Minister, which could lead to the latter's resignation from the Government.

A growing number of Deputies within Sr. Suarez's own party, the Union de Centro Democratico, as well as outside, are disaffected, and are seeking to make known their own solutions to the Government's fundamental problem. This problem revolves round how Sr. Suarez can sustain himself in office through to 1983 with a viable working majority in Parliament.

Sr. Suarez has been grappling with this problem—essentially of his own creation—since April. So far, he has come up with no answer. His failure to do so has meant not merely that important legislation has been held up (like reform of the administration), and policy initiatives delayed, as on the autonomies (the Basque problem continues), but also that the Administration has been gripped by a sense of paralysis and inertia. Now that the summer holidays have officially begun, everything has been postponed until the autumn, almost with relief.

The ruling party has 166 of the 350 seats in Parliament. For a working majority, Sr. Suarez needs to be assured of the support of 10 more votes. Until earlier this year he had that support and more. He could count on the 17 votes of the Right-wing coalition Democratica, headed by Sr. Manuel Fraga, and the conservative Catalan nationalists of Sr. Jordi Pujol—providing eight and nine votes respectively.

Sr. Fernando Abril Martorell, right, Spain's Deputy Prime Minister, is said to be thinking of resigning from the Government. He is one of only two ministers to have remained in office since Sr. Adolfo Suarez, the Prime Minister, took power four years ago.



Two factors have, however, affected the support of these two groups. First, Sr. Suarez's efforts to slow down and dilute the content of regional autonomy received smart electoral rebuffs in Andalucia, Cataloma and the Basque country.

Second, and inter-related, Sr. Suarez has suffered a serious erosion of his political image through the latter rebuffs and a more general disenchantment with his own party's infighting and indecisive government. This was evident in the way Sr. Suarez on May 30 scrapped through a censure motion, proposed by the Socialist Party. His ruling party was unsupported, and 21 potential allies all abstained.

Because Sr. Suarez is seen to have been weakened, his potential allies—especially Sr. Fraga and Sr. Pujol—have raised the price of co-operation. The alternatives Sr. Suarez faces are difficult. Sr. Fraga, the former Information Minister under General Franco, has made no bones about his desire to enter government.

But his presence in the Cabinet, or that of other members of his party, could prove electorally damaging to Sr. Suarez's "centrist" image. It would also threaten an open split within the ruling party between those elements who regard thmselves as liberal and social democrat and the mere conservative, linked to the Francoist system.

Although perhaps an empty threat, the liberals and social democrats frequently talk of switching their support to the Socialists, and have had a number of well-publicised meetings to this effect.

A second solution is to make a deal with Sr. Pujol's Catalan nationalists. Sr. Suarez appears to favour this, and has already discussed it with Sr. Pujol. The latter reportedly earlier this month received his own party's backing for such a deal.

The danger is that on the vital issue of regional devolution, the interests of the Madrid Government and the Catalans could be diametrically opposed. Moreover, there is no guarantee that Sr. Pujol can sustain himself inside Catalonia once such a pact has been made.

Sr. Abril Martorell, the regime's eminence grise, has strongly opposed such a move. Indeed, he is understood to have argued that such an arrangement is doomed to failure. Instead, he has talked of going back to a form of consensus politics with the Socialists — the hallmark of the transition period — or of limping along on ad hoc, believing there are few issues where the Government cannot drum up support from one quarter or another.

Sr. Abril Martorell has recently talked to associates of resigning. He has told colleagues that he is tired and needs a break. He also seems to have been worn down by constantly having to carry the can for Sr. Suarez.

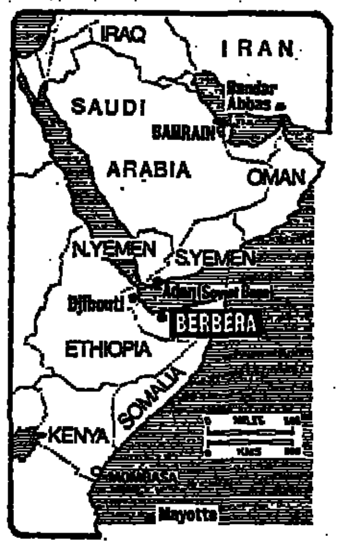
That he is seriously considering giving up his post as economic supremo underlines the extent of the malaise within Sr. Suarez's entourage. Sr. Abril Martorell, apart from Sr. Marcelino Oreja, the Foreign Minister, is the only person to have remained in government since Sr. Suarez took office four years ago—Sr. Suarez has had 56 different Ministers.

It is also significant that the Cabinet, reshuffled as recently as May, still has an air of transience. The departure of Sr. Abril Martorell would be a major political event, both because of the power he has accumulated and because he is, as one colleague said, "the head on Suarez's body." Unlike in previous years, the two are holidaying separately — Sr. Suarez in Galicia, he near Segovia. The more speculative newspapers see this as more than symbolic.

Sr. Suarez's technique is to delay any question until the last minute. His hope is clearly that the summer holidays will provide a sufficient mix of rest and amnesia to start the autumn afresh.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

U.S., Somalia step up talks on Middle East



BY IAN HARGREAVES IN WASHINGTON

A DELEGATION from the Somali Government will visit Washington next wek amid growing indications that the U.S. will be allowed to use ports and airstrips in the republic as part of its strategy for defending the Middle East oilfields against possible Soviet attack.

Negotiations with the north-east African country have been bogged down for several months, mainly over the Somali demand for U.S. military assistance worth $2bn (£843m) over the next decade.

The Americans were also thought to be somewhat wary of an early agreement with the Somalis at a time when tensions are again mounting on the Somali border with the Ogaden region of Ethiopia.

Only last week, Somali forces were reported to have launched an offensive across the border into the disputed territory of the Ogaden and some American officials have argued that using Somali bases would mean American involvement in this long-running struggle between the two African states.

But now that the Somalis have reportedly lowered their asking price for access to the bases from $2bn to $40m, negotiations are again making progress.

The State Department said yesterday that next week's talks would be "at the working level" and would not comment on whether an agreement in principle had already been reached at a senior level.

The U.S. wants to use the Somali facilities, along with bases in Kenya and Oman, as part of its tougher military stance in the Middle East which stemmed from events in Iran and Afghanistan at the end of last year.

Somalia's facilities, although more remote from the crucial gulf area than those of Oman, are important in the U.S. strategy because they are of higher quality than those in Oman and Kenya.

In particular, the U.S. is keen to secure access to runway and port facilities at Berbera which were built by the Soviet Union *before* President Mohammed Said Barre threw out the Russians three years ago.

Soviet anger at boy's defection

BY MARALYN EDID IN CHICAGO

A CHILD custody case in Chicago involving a Soviet immigrant family is raising major legal issues concerning "children's rights." It is also exacerbating already-strained Soviet-U.S. relations.

The Soviet Union protested yesterday to the U.S. over the decision by a Chicago court to look into 12-year-old Walter Polovchak's request for political asylum.

In a note delivered to Mark Garrison, the U.S. charge d'affaires in Moscow, the Soviet Foreign Ministry demanded that Ukrainian-born Walter be allowed to return to the Soviet Union with his father and mother.

A U.S. embassy spokesman said of the diplomatic exchange: "We told the Soviets that in our view there is no basis in the Polovchak case for a protest to the embassy."

The note, which was summarised by the official Tass news agency, said the Chicago court's decision to make Walter a ward of the state of Illinois while his asylum plea was investigated was "illegal and inhuman" and an "overt attempt to disunite the family and tear children away from their parents."

Walter's parents, Michale and Anna Polovchak, emigrated from the Soviet Union last January, but decided to return to their native Ukraine. Walter and his 17-year-old sister Natalie opted to stay in Chicago

The American Civil Liberties Union, a non-profit-making organisation which provides legal assistance in cases involving the Bill of Rights, is representing the parents.

Bolivia releases FT journalist

LA PAZ—The Bolivian Authorities have released an American woman journalist who had been detained by the country's new military rulers last week. She was accused of defaming senior members of the government.

Mary Helen Spooner, 29, part-time correspondent for a number of publications in the U.S. and Britain, including the Financial Times and The Economist, was ordered to be expelled from the country after her release was announced at a news conference.

Mr. Luis Arce Gomez, Interior Minister, and Mr. Fernando Palacios, Information Minister, handed over Miss Spooner to two British Press executives who attended the news conference.

The Ministers said she must leave the country immediately. She had been arrested on August 6.

Miss Spooner came to Bolivia to cover the aftermath of the coup on July 17 and sent a story charging that coup leader General Luis Garcia Meza and other senior members of the armed forces were involved in drug trafficking.

The authorities said that Miss Spooner's story was a "flagrant violation of national and international laws" and that she would be put on trial for libel and defamation of character.

Mr. J. D. F. Jones, managing editor of the Financial Times and Mr. Robert Harvey, editorial executive of the Economist, arrived on Sunday to try to arrange Miss Spooner's release. The junta headed by Gen. Luis Garcia Meza had threatened to bring her to trial on charges of violating the stiff new Press law.

Col. Luis Arce, Interior Minister, told a news conference that Ms. Spooner would be released immediately. The two British editors had met privately with Miss Spooner, in a room near the office where the news conference was held, but other reporters were not permitted to see her.

Mr. Harvey read a statement that both he and Mr. Jones had signed. It said they expressed "regret before the Government and people of Bolivia for the situation which has resulted from the activities of a corespondent of our organisations."

The statement continued: "The Bolivian Government has stated that it considers Miss Spooner's behaviour to have been improper and that it has reason to believe that she attempted to have published certain material which it considers a falsification of the truth.

"We wish to point out that the Financial Times and The Economist did not publish this material from Miss Spooner. The responsibility of our newspapers does not permit us to print this sort of news, a fact which is confirmed by the Bolivian Government.

"As senior executives of the Financial Times and The Economist, we have visited La Paz where we have been given a detailed description and explanation by the Bolivian Government of the activities of Miss Spooner in recent weeks which it considers objectionable.

"As a result of these discussions, the Financial Times and The Economist have decided to withdraw Miss Spooner immediately from her functions in Bolivia. The Bolivian Government has agreed to free Miss Spooner from detention and she will leave the country within a few hours."

Miss Spooner, who had been living in Chile and studying under a scholarship from the Inter-American Press Association, came to La Paz after the coup.

A U.S. embassy officer was allowed to visit her at the Interior Ministry on Friday and reported she had not been mistreated.

Opponents of the military regime have said as many as 2,000 persons, including Roman Catholic priests, journalists, union officials and political leaders, have been arrested since the right-wing generals ousted the civilian government of President Lidia Gueiler on July 12.

Agencies.

David Buchan reports from New York on the Democratic swing to a liberal mood

Economic policy dilemma for Carter

PRESIDENT Jimmy Carter's forces fought hard for the Administration's economic policies at the Democratic Party convention in New York on Tuesday night. They lost.

The Administration conceded much, despatched Cabinet officers to cajole delegates on the convention floor, to no avail. Spurred by Senator Edward Kennedy's oratory, the delegates roared their approval for inclusion in the party's policy platform of a $12bn anti-recession employment programme and a pledge to curb unemployment.

President Carter is now in a dilemma compounded by a new rule requiring the President to state in writing his intention to abide by or disregard the policy platform before the nomination roll call, due later last night. No casuistry or artful dodging can conceal the Administration's acute dislike of the convention's attempt to saddle it with an economic programme it has campaigned against all year.

But Mr. Charles Schultze, chairman of the President's Council of Economic Advisers, sounded a note of conciliation after the Tuesday night votes, reminding everyone that the Administration's economic differences with the Massachusetts Senator were on "methods, not goals."

Moreover, Mr. Carter was saved the embarrassment of having to eat his much-reiterated words of opposition to mandatory controls or a freeze on wages and prices. The defeat of this Kennedy demand was the one saving grace for the Carter forces on Tuesday night.

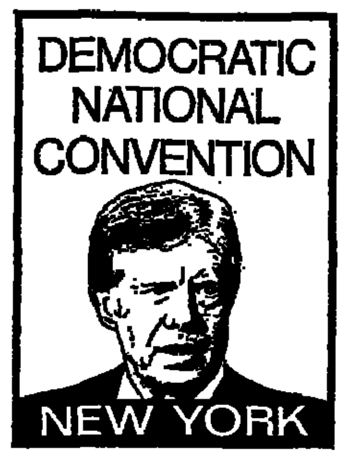
The Administration has stuck through thick and thin to its somewhat shaky voluntary wage and price guidelines (in effect since October, 1968), arguing that former President Richard Nixon's controls of 1971-73 were a mistake not to be repeated.

The platform is thus not a wholesale repudiation of Mr. Carter's economic policies, but the Administration's own forecast of unemployment rising from the present 7.8 per cent to 8.5 per cent by the end of the year has caused concern. Defeat for Mr. Carter came early on Tuesday, when a vague motion urging that jobs should be "the single highest domestic priority" was carried by 1,763 votes to 1,390.

The tide then turned even more strongly against the President on more important and specific economic proposals, as Senator Kennedy's powerful oratory took hold, and strong-arm tactics on pro-Carter trade unionists apparently backfired.

The two key defeats for the President were:

- Approval of a $12bn programme mainly to cut unemployment in the cities and to train unskilled youth, plus money to rebuild railways and help the housing industry out of its doldrums. The Administration complains that all this would total an extra $20bn a year, throw the federal budget into deeper deficit, and fuel inflation, without increasing investment or productivity. In vain, it urged the convention to wait for the longer-term economic "revitalisation" programme it plans to unveil in the coming months.
- A ban on economic initiatives



(presumably such as tighter fiscal or monetary policy) which, in the judgment of Administration economists or the Congressional Budget Office, would significantly raise unemployment.

Mr. William Miller, the Treasury Secretary and one of the Washington heavyweights lobbying delegates in New York this week, argued haplessly before the Tuesday votes that the economy was showing "signs of self-healing," with lower interest rates now helping the car and housing sectors.

The Administration can fairly argue that it could not meet all the platform contains a call for if it wanted to. For instance, the platform contains a cal for the constitutionally independent Federal Reserve Board to go easy on interest rates and the money supply in its fight against inflation. Mr. Miller, himself a former Fed chairman, commented that it would be "improper" for the U.S. Central Bank to bow to this political pressure, and there is no sign that the cautious and conservative Mr. Paul Volcker, the Fed chairman, will. However, Tuesday night was not the end of the platform fights. Energy and foreign policy issues remained to be thrashed out yesterday, in particular the Kennedy forces' demand for a ban on petrol tax increases and opposition to the introduction of the planned MX nuclear missile system.

The Garden crowds in ecstasy

By Paul Betts in New York

THE CROWDS were still swaying and dancing to "McNamara's Band" 35 minutes after Senator Edward Kennedy had addressed the Democratic Party's national convention and bowed out of the presidential nomination race.

In a carnival atmosphere, Madison Square Garden, New York's huge indoor sports arena was awash with blue Kennedy placards and blue ballons as the Senator's supporters kept chanting: "We want Ted.

Throughout Mr. Kennedy's speech, his supporters clapped and roared. The more level-headed quickly changed the inscriptions on their placards to read "Kennedy 84."

The whole affair was remarkably stage-managed by the Kennedy camp. Their cheer leaders kept urging the Senator's supporters to applaud and dance and join in long sing-songs. A group carrying a totem pole identifying them as Pennsylvanians burst out in harmony as if at a baseball game singing with the band "If I had a hammer" and whistling to the theme tune from the "Bridge over the River Kwai."

By any standards, it was an astonishing occasion. When the delegates, after 40 minutes of singing and dancing, shouted into the 1980 presidential campaign platform Mr. Kennedy's proposal for a $12bn job creation programme, and his rejection of high interest rates, one highly charged delegate smelling a little of beer said: "So much for the Soviet correspondent who claimed that American democracy was all done backstage in smoke-filled rooms by political power brokers."

Kennedy bows out in the finest style

BY JUREK MARTIN, U.S. EDITOR, IN NEW YORK

SENATOR EDWARD KENNEDY has many critics at home and abroad. But not even the most carping could deny that on Tuesday night, in a Madison Square Garden crackling with electricity, he delivered not only the finest speech of his political career but one which, at long last, gave substance as well as style to his failed campaign for the presidency.

It was, in truth, the acceptance speech he could not give. But its essence was to give a divided party and the man who has conquered him, President Jimmy Carter, fleeting hope that 1980 is not a lost cause for the Democratic Party.

It was a speech worthy of the Kennedy name, comprehensive in its historical sweep, devastating in its ridicule of the Republican nominee, Mr. Ronald Reagan, unrepentant and eloquent in its evocation of liberal beliefs, and delivered with all the sense of timing, cadence and presence that make Senator Kennedy, when on form, an exceptional public speaker.

Its impact on the enthralled assembly of party delegates was such as to give a brief glimpse of what the "open" convention for which Mr. Kennedy had laboured unsuccessfully would have been like. It helped to stampede the convention into voting in favour of all but one of the economic policies which the Senator, but not the President, wanted included in the party platform. If the emotional process had been carried to its logical conclusion, Mr. Kennedy could have been elected, by near universal acclamation, to any post he cared to name, from dog catcher to the party's presidential candidate.

It mentioned the name of Jimmy Carter just once—but at the appropriate moment—as the Senator was approaching the high note of his clarion call for party unity against the Republicans. Given the gulf which has divided the candidates and their supporters, Mr. Carter could not reasonably have asked for more from a man as proud as Mr. Kennedy.

But it was the dripping sarcasm and contempt of his assault on Mr. Reagan which must have been true music to the President's ears. Mr. Reagan has tried in his attempted seduction of disaffected Democrats to appropriate the memory of Franklyn Delano Roosevelt; but Mr. Kennedy dissected Mr. Reagan's case with both scalpel and bludgeon, as he contrasted the Republican's past statements with what the celebrated Democratic president stood for.

"The great adventure which our opponents offer," Mr. Kennedy cried, "is a voyage into the past. Progress is our heritage, not theirs. What is right for us as Democrats is also the right way for Democrats

Mr. Carter might demur over what constitutes "the right way." But he can hardly quibble with the contrast Mr. Kennedy drew between the two parties.

Since comparisons will inevitably be made, Mr. Kennedy's memorable oratory presents Mr. Carter with a formidable challenge tonight when he accepts the presidential nomination. Actually, there is something about the Kennedy name which, in the past has lifted the President into his best rhetoric. His speech at the dedication of the John F. Kennedy Library in Boston last autumn, in the presence of the Senator and the full Kennedy clan, was widely believed to have been among his most eloquent.

He will need to repeat the performance tonight to ensure that he, like Mr. Kennedy, can capture the hearts as well as the minds of the Democratic Party.

Democrats take feminist vote seriously

BY NANCY DUNNE IN NEW YORK

AMERICAN VOTERS have been heard to complain that there is little to choose between Mr. Jimmy Carter and Mr. Ronald Reagan, but the candidates do differ on one issue which is likely to increase in importance: women's rights.

Democratic convention delegates, half of whom are women, have produced policy statements on the Equal Rights Amendment (ERA) and abortion which are as feminist as the Republican stands in Detroit were conservative.

Last month the Republican delegates, 29 per cent of them women, refused for the first time in 40 years, to repeat their endorsement of the amendment which many conservatives claim is "anti-family." The amendment, which has not yet become part of the U.S. Constitution because not enough states have ratified it, outlaws discriminaion against women.

The Republicans also approved a constitutional ban on abortion and supported the prohibition on the use of public funds to pay for abortions for the poor.

When the Democrats arrived here on Sunday, their manifesto already contained clauses supporting *both* the amendment and abortion. Two minority clauses, which the Democratic National Committee had at first opposed, were accepted by the full convention on Tuesday.

One called for the withholding of Democratic funds from state and local candidatus who do not support the ERA and the other supported lifting the ban on aid for the poor to pay for abortions. Although Mr. Carter is a vocal supporter of the ERA, he had opposed Government funds for abortions.

The question hotly debated within both parties is how their stands on the women's issues will translate into votes at the election in November. The independent candidate, Mr. John Anderson, also supports the ERA and Government-financed abortion.

A recent New York Times/CBS News poll shows that 54 per cent of the American public supports the ERA while 36 per cent opposes it. Yet the polls do not reveal the emotion that swirls around the amendment.

Republican strategists believe that halting the ERA is more important to the party's conservatives than its passage is to the voters at large.

Feminists believe that women are "second-class citizens" and will remain so without the Equal Rights Amendment. More than half American women are now employed outside the home, yet they earn little more than half as much as men. As women become better educated, feminists feel women are bound to seek equal pay and resist a move they might see as driving them "back to the kitchen." They say the feminist vote will be crucial in a close election.

Billy Carter to give Libya evidence today

BY OUR WASHINGTON CORRESPONDENT

MR. BILLY CARTER will spend today in Washington, testifying under oath about his relationship with the Libyan Government, and the impact of that relationship on the conduct of officials in the Carter Administration.

The President's brother will testify in private before officials working for the Senate sub-committee investigating the so-called "Billygate Affair."

Some of these officials have spent the past few days in Georgia talking to Billy Carter and his associates, trying to find out more about the $220,000 loan made by the Libyans to the President's brother and the procedures followed by him in declaring his connection with the Libyan government.

Judge Philip Tone, of Chicago, who earlier this week was named special counsel for the investigative committee, will be present at today's hearings.

The committee expects to resume public hearings next week. Officials are now saying that they may be able to beat the Oct. 4 deadline for making their report on the affair.

President Carter, who has stated his willingness to testify to the committee, has made clear his eagerness for the investigation to be completed as soon as possible, permitting the maximum time to elapse between the report and the presidential election in November.

Chile arrests 20 police on charges of terrorism

SANTIAGO — The Chilean Government has arrested 20 police detectives accused of Right-wing terrorism, according to the Government-controlled news agency, Orbe.

The announcement marks the first time the regime, often accused of terrorising the Left-wing opposition, has admitted its officers may have been responsible for human rights violations.

Orbe said the detectives, who were not identified, were arrested in connection with nine kidnappings and the beating to death of Sr. Jose Eduardo Jara Aravena, a journalist student.

Orbe said the detectives were "low-ranking officers, that in addition to committing crimes, disobeyed their superiors." The agency said they were stripped of their rank and "placed at the disposition of criminal justice authorities." A supreme court judge is looking into Sr. Jara's case.

Retired Gen. Ernesto Baeza, chief of the police investigations division, resigned on Monday in a departmental shake-up as President Augusto Pinochet, who deposed his Marxist predecessor, Sr. Salvador Allende in 1973, promised to halt the kidnappings and bring those responsible to justice.

The newspaper La Segunda said the detectives were members of the homicide and investigations brigades, and the police special intelligence unit. La Segunda said the 20 officers had formed an organisation called the "Avengers of the Martyrs Command."

AP

THE EGYPT-ISRAEL EXCHANGES

Sadat likely to avoid confrontation

BY ALAN MACKIE IN CAIRO

PRESIDENT ANWAR SADAT of Egypt is expected to let matters ride for the time being in his return Note to Mr. Menahem Begin, Israel's Prime Minister.

He declared in an earlier *letter protesting against* Israel's settlement policy and last month's law declaring Jerusalem its "undivided and eternal" capital that it was "virtually impossible" to continue negotiations so long as Israel kept obstructing the *peace process.*

President Sadat postponed a session of the autonomy talks, due to start in Alexandria last week, in protest at the Jerusalem Bill.

According to the Cairo daily Al Goumhouriya. President Sadat will merely restate Egypt's adherence to the Camp David accords and its rejection of the Jerusalem measures, the *settlements policy, and the* measures taken by Israel on the West Bank.

The final draft of the letter was prepared on Tuesday night after President Sadat met the working committee headed by Mr. Hosni Mubarak, his Vice-President, and consisting of top Foreign Ministry advisers, set up specially to study Egypt's reaction to the settlements and the Jerusalem Law.

The letter is expected to be handed over to Mr. Eliaku Ben-Elissar, Israel's Ambassador in Cairo, either today or tomorrow and Mr. Saad Mortada Egypt's Ambassador to Tel Aviv, will deliver a copy personally to Mr. Begin at the same time.

A note is also being sent through Mr. Alfred Atherton, U.S. Ambassador in Cairo, to President Carter explaining Egypt's position.

In his reply to Mr. Sadat's first note, delivered here last Friday, Mr. Begin made it clear that Israel had no intention of dismantling the Jewish settlements on the West Bank or of making the Jerusalem Bill a *subject to be negotiated in the* peace talks. Egypt, he said, had no right to question a "sovereign" decision of the Israeli Knesset.

Meanwhile, Egypt was intensifying its diplomatic contacts to explain its position. Last week, *Foreign Ministry officials* lobbied Latin American and African Ambassadors.

According to the daily newspaper Al Ahram, President Sadat is writing to a number of Moslem heads of state who are to attend the Jerusalem Committee of the Islamic Conference in Rabat shortly, supporting the Security Council Debate which the Moslem countries have called for at the *UN* and stating Egypt's firm stand

Mr. Butros Ghali, Egypt's Minister of State for Foreign Affairs, has left Cairo for *Romania to deliver a personal* message from President Sadat to President Ceaucescu over Jerusalem and the settlements. He held talks yesterday with Mr. Stefan Andrei, Romania's Foreign Minister.

Mr. Mubarak is shortly to visit *London, Paris and other Euro*pean capitals to explain Egypt's stand. Mr. Kamal Hasan Ali, the Foreign Minister, is expected to fly to New York to speak for Egypt at the UN Security Council debate.

Mr. Menahem Begin.

Begin wins vote on Minister

By David Lennon in Tel Aviv

OPPOSITION attempts to defeat the Government of Mr. Menachem Begin failed yesterday when the Knesset voted 58 *to 39 in favour of* the appointment of Mr. Moshe Nissim as the new Justice Minister.

The special Knesset session called during the summer recess was particularly stormy, and the tone of many of the speeches was more reminiscent of an election campaign than a simple debate on the appointment of a new Minister.

New elections are not due until November next year, but the Opposition, which has been pressing for early elections, continues to use every opportunity to try to pull down the Government.

Mr. Shimon Peres, chairman *of the opposition Labour Party,* launched a scathing attack on the performance of the Government from which six senior Ministers have resigned in the past two years.

He also quoted at length from the charges by the Agricul*ture Minister that the Premier,* as acting Defence Minister, was "very offhand" when taking crucial decisions on defence matters.

In a lengthy rebuttal, Mr. Begin taunted the opposition leader by citing the highly critical remarks written about him in the autobiography of Mr. Yitzhak Rabin, the last *Labour Party Prime Minister.*

At the end of the debate, Mr. Nissim was confirmed as Justice *Minister in place of Mr. Shmuel* Tamir who resigned last week. Mr. Nissim, a member of the Liberal Party faction within the ruling Likud bloc, previously served as Minister Without Portfolio.

Mr. Begin said after the debate that he hoped within two weeks to complete a Cabinet reshuffle

Iranian army regains Mahabad

BY PATRICK COCKBURN IN TEHRAN

THE IRAN army has taken over Mahabad, the largest city remaining in rebel hands in the Kurdish region. Last Sunday's unopposed takeover has not been officially announced, since the Government already claims to control the city where it has *maintained* an inactive military garrison.

Mahabad has been the headquarters of the largest Kurdish organisation, the Kurdish Democratic Party (KDP), led by Dr. Abder - Rahman. Qassemlou, which has been conducting *intermittent and fruitless* negotiations with the Government. Bukan is the only town now in rebel hands.

The Kurdish guerrillas did not try to defend Mahabad, as usual avoiding battles with the army in open areas where they are vulnerable to air and tank attack.

The KDP and Komalah, the *next largest Kurdish guerrilla* group, are both waiting for the rand and cloud which normally starts in late September to give them protection from aircraft and helicopters, before launching serious attacks. The rain also makes most of the area's roads impassable to vehicles.

Meanwhile, sporadic guerrilla attacks continue. Two weeks ago, *Komalah said they killed 70 soldiers* when they ambushed a supply convoy outside the town of Marivan.

The Government claims to have killed 155 guerrillas mustering for an assault on Baneh on Monday, but did not give their own casualties.

The KDP, Komalah, and Sheikh Izzedine Husseini, a powerful local leader, have recently started to discuss moves towards unity. The KDP *has been weakened by the* failure of its attempts to negotiate with the Government and the defection of some of its members to Tudeh, the Iranian Communist Party.

Before leaving Mahabad the KDP reportedly burned down the local Tudeh headquarters and arrested local communists.

Our Foreign Staff add: *Three women missionaries* expelled from Iran this week said yesterday that they feared *for the lives of a British* doctor and his wife who have apparently been detained by the revolutionary authorities.

Dr. John Coleman and his wife, who worked at a clinic in Yazd, several hundred miles *south-east of Tehran.* are believed to have been arrested at the weekend. Another Briton, Mrs. Jean Waddell, formerly the secretary of the Anglican Bishop of Iran, is under arrest in Isfahan, Iran's second major city, accused of spying.

Riot forces Nigeria plant to shut

BY MARK WEBSTER IN LAGOS

MICHELIN'S NIGERIAN tyre manufacturing plant has been shut for at least four weeks after nightshift workers ransacked *the factory and injured two* management personnel, Mr. George Rouzier, the managing director, said yesterday.

Hundreds of workers in the *factory,* at Port Harcourt, went on the rampage during the night of August 8-9, wrecked the laboratory, raided the administrative offices and threw papers to the floor. By the time anti-riot police arrived four hours after they had been called, vehicles in the car park had had their windscreens smashed and *the hospital damaged.*

Police arrested 120 of the workers who had thrown stones at foreign management staff when they turned up at the factory to find out what was going on Mr. Rouzier said. Two of the managers were injured, one seriously.

Michelin, which employs 1,700 at the plant, had a serious bout of industrial unrest in May when for two weeks factory workers went on strike after three Nigerian employees were sacked.

The management has had a long-running dispute over its *refusal* to recognise the Nigerian Footwear, Leather and Rubber Workers' Union

Meanwhile, the three-week-old pilots' strike in Lagos port *has ended, the Nigerian Ports* Authority said yesterday. All 22 striking pilots have resumed work and ship movements were now going on uninterrupted.

The strike began on July 24 after disciplinary letters were sent to five pilots who had *refused to take on extra work* when junior staff had gone on strike earlier in the year.

China makes business loans

PEKING—The Bank of China recently made its first loans to individual business concerns since 1956, the New China News Agency reported yesterday.

The Peking Municipal Government also decided to support *individual businesses in the* service field by providing them with loans and allowing them to take on apprentices, it added.

The agency report on loans for private businessmen follows a recent national conference on employment, which agreed to introduce *a new employment* policy in the country and encourage individuals to work for themselves, to create more jobs.

The agency said there were now over 900 household businesses in Peking in 48 trades, including barbers' shops, laundries, cleaning and dyeing, *tailoring, knitting and repair* shops.

A bank spokesman told the agency that most loans were in small amounts of around Yuan 1,000 (about £300) and were repayable in one year at a monthly interest rate of 0.42 *per cent, the same as for other* industrial and commercial enterprises.

Describing the new employment policy, the agency said it would include shorter working hours and more shifts in factories.

The Government would set up more employment agencies to *direct labour where it was* required and also provide technical training for unemployed people.

In a major switch from the decade of the Cultural Revolution, the conference endorsed self-employment and individual economic *activity,* saying it would play "a positive role

Reuter

South Korea opposition leader resigns

SEOUL — Kim Young-Sam, South Korea's opposition New *Democratic Party president,* who has been under close house arrest since May, resigned yesterday and retired from all political posts, a *party official* announced.

Diplomats said yesterday that five South Korean Supreme Court justices who resigned last week had been *forced out* by the Marital Law Command "for political reasons." Four of the five, *they added, had voted against* military leaders' wishes in a decision involving the trial of Kim Jal-Kyu, the former Korea Central Intelligence Agency chief convicted of assassinating President Park Chung-Hee

South Korean dissident leaders living abroad demanded at a meeting in *Tokyo* yesterday *that* Kim Dal-Jung, the South Korean opposition leader, should be set free. Kim faces *sedition* charges in a military court martial set to open in Seoul today.

Agencies

Hanoi troops build-up

Vietnam is moving more troops towards the *Kampuchean-Thai border* for the second time in two weeks, diplomat sources said in Bangkok yesterday, Reuter reports. About half of Vietnam's estimated 200,000 troops in Kampuchea were *now in the west of the* country, where anti-Phnom Penh guerrillas were operating, the diplomats added.

Ramadan violence

At least 27 people were killed and 200 injured in *sectarian violence in northern* India, which marred yesterday celebrations of Id-ul-Fitr, the end of the Moslem month of Ramadan, the United News of India said, AP reports from New Delhi. In one incident, police opened fire on a *stone-hurling* mob in Moradabad, about 100 miles from New Delhi. A curfew was ordered *in the town after* the violence.

The River Ganges neared its highest recorded level of 190 ft yesterday as floods that have already killed 465 people threatened more villages, the Press Trust of India reported. *Damage to property has been* estimated at Rs 250m (£15m) in Uttar Pradesh State.

Cape Province quiet

South Africa's Cape *Province* was reported quiet yesterday after a night of violence in a *black* squatters' camp that left one man dead and two seriously injured, AP reports from Cape Town. Education officials said no children were *attending black high schools* and some elementary schools, and the boycott of classes was expected to continue *until* September.

Japan exports plan

The Japanese Government is expected to announce a series of measures to stimulate the economy early next month, including export promotion and speeded-up public works contracts, Mr. Rokusuke Tanaka, Trade Minister, said yesterday. The measures *would probably be adopted at* a meeting of the Cabinet Council of Economic Minis*ters to prevent an economic* slowdown, the Minister explained.

Mr. Zenko Suzuki, Japan's Prime Minister, plans to visit the five member-states of the Association of South-East Asian Nations (ASEAN) on his first overseas trip as Government leader, Government officials said

UK, Japanese motor industries plan September review

BY JOHN GRIFFITHS

THE NEXT round of talks between Britain's Society of Motor Manufacturers and Traders (SMMT) and its Japanese counterpart, the Japanese Automobile Manufacturers *Association* (JAMA), is to take place in Tokyo on September 9 and 10.

Sir Bernard Scott. the SMMT's president, will lead a *delegation which will review* with JAMA the economic outlooks for the UK and Japan, progress in restructuring the UK motor industry—the basis for JAMA agreeing five years ago to market "prudently" in Britain — and current import penetration levels.

Japanese car sales in Britain during the first seven months of the year accounted *for 10.99* per cent of the total market, right on the limit of the maximum market share under JAMA's informal agreement with the SMMT.

Although Japanese importers have insisted that sales will tail *off to keep their share* under the limit for the full year, signs that they will exceed 11 per cent in August have led to increasing *concern in some UK motor* industry quarters.

Not least of this concern relates to the level of shipments of Japanese cars to the U.K. These were up by 12 per cent in the first six months of this year at nearly 125,000.

Meanwhile, the Japanese are expressing increasing impatience at the UK restrictions, claiming that Japan's own restraint has led merely to a large rise in imports from Europe.

The latest expression of con*cern in the* UK came yesterday from Mr. Douglas Hoyle, president of the Association of *Scientific, Technical and Managerial* Staffs.

Mr. Hoyle called on the Government to summon an "urgent" meeting of motor industry unions and employers to discuss lay-offs and redundancies in the U.K. industry. "The crisis I have been warning about for months is now upon us. Unless something is done things will get even worse and we shall have a bleak winter ahead of us."

Norwegians in BP oil field contract

BY FAY GJESTER IN OSLO

THREE NORWEGIAN companies—Aker, Kvaener and Brown and Root Norge—have won a $120m contract for *engineering work and project* services on BP's Ula field in the Norwegian sector of the North Sea.

Said to be the largest contract of its kind ever awarded to a group of Norwegian companies, it is regarded as the result of the companies' successful collaboration on an earlier project.

The three co-operated in engineering works on another Norwegian sector field, Valhall. *For that job they formed a joint* company, Valhall Engineering Joint Venture, in which Aker held a 41.7 per cent stake, Kvaerner 33.3 per cent, and Brown and Root 25 per cent.

Meanwhile it was announced that the French yard which built Alexander Kielland, the *hotel platform* which capsized in Norway's sector earlier this year, has been awarded a con*tract to modify the Kielland's* sister platform Henrik Ibsen,

The company, CFEM, won the contract in competition with Dutch and West-German yards.

Henrik Ibsen had just been given a new hotel superstructure at the Norwegian Stord shipyard, when the Kielland accident happened. A week later, it developed a sharp list *as a result of faulty manoeuvr*ing during stability tests. Though this was soon corrected, it has *since* been idle in a Norwegian port.

French wine outlook better than feared

BY DAVID WHITE IN PARIS

PROSPECTS FOR the French wine harvest this year are not nearly as bad as was first feared after the poor weather of June and July.

Current forecasts are for a total output of from 70m to *75m hectolitres. Although this* is well below last year's production—an all-time record of 83.5m hectolitres—it is above the average level of the past five years of about 67.5m hectolitres.

Even so a number of regions producing quality wine has been hit, especially the northern-most vineyards of Champagne and Alsace, with a corresponding *effect on prices. And the* standard of this year's vintage seems likely to be mixed, at best.

In Champagne, the harvest is expected to fall between 40 and 50 per cent below last year's level of 1.7m hectolitres. Alsatian wines are expected to produce up to 40 per cent less, with some varieties severely affected.

Higher prices are, in these cases, the only means of assuring stock levels. But in general prices are not expected to advance by much more than the overall inflation rate, currently running at around 13 per cent. The year is expected to leave a comfortable reserve of 30m hectolitres.

Exports are expected to reach a similar level to last year—9.5m hectolitres of wine and 350,000 litres of distilled spirit, which brought in revenues of FFr 10.5bn (£1.08bn).

In Bordeaux, this year's harvest is expected to fall up to 30 per cent short of last year's to a below-average figure of around 4m hectolitres compared with 6.2m. In Burgundy the drop is estimated at around 15 per cent.

In the case of Bordeaux, it is mostly red wines that will have suffered, with an output perhaps only half last year's 4m hectolitres.

The least affected areas are *the southern departments* of Herault, Gard, Aude, the Loire and Touraine.

Rich-poor trade gap breaks up LAFTA

By Hugh O'Shaughnessy

LATIN AMERICA has given *up the forced march towards* economic integration. The foreign ministers of 11 Latin American countries meeting in Montevideo, the Uruguayan *capital, on* Tuesday abandoned the objective of a continent-wide common market in favour of a new more modest institutional framework in which limited trade arrangements may flourish.

The Latin American Free Trade Association (LAFTA), which had its death warrant signed this week, had been ailing for many years. It had long ceased to play any leadership role in any major questions of trade promotion.

First formally organised in *1959, LAFTA set itself ambi*tious goals of creating a free trade area from the U.S. border to Cape Horn.

Though it did some valuable work in the 1960's—not least in the fashioning of complex and useful technicalities like a common Latin American customs nomenclature—it flagged in the 1970s. The dates for moving *automatically towards* freer trade among the members (the principal countries of South America and Mexico) came and went without freer trade coming about. Two or three years ago LAFTA was so sickly that the countries of the area agreed that it should quietly expire on the last day of 1980, and their trade technicians set about agreeing more modest goals.

***Increasing protectionism,* enormous transport difficulties, the growing gap between rich Latin American states such as Venezuela and poor ones like Paraguay were all contributory factors in the slow death agonies of**

***Other,* more dynamic, groupings took the initiative from the Association. The *Andean Pact, first mooted in* the mid-1960s blossomed in the 1970's as six members—Chile, Bolivia, Peru, Ecuador, Colombia and Venezuela—tried to co-ordinate their industrial development as well as reducing their trade bar*riers. The Pact has itself now* fallen somewhat into the doldrums but SELA, the Latin American Economic System based in Caracas, is now attempting to produce common economic policies for the region.**

LAFTA showed no signs of recovery, and the 11 members have now agreed that it will *be superseded from the begin*ing of next year by ALADI, the Latin American Integration *Association.* ALADI will have three categories of members, these will be lead by the economic giants Argentina, Brazil and Mexico, the intermediate range countries of Colombia, Chile, Peru, Uruguay and Venezuela, and the weakest units, comprising Bolivia, Ecuador and Paraguay.

It will abandon LAFTA's original aspiration to across-the-board tariff cuts tied to a specific future timetable and will concentrate on more piecemeal efforts *to tailor* tariff cutting to the relative strengths of the 11 economies.

***During LAFTA's lifetime* trade among the Latin American nations just about doubled. UN statistics show that intra-regional trade accounted for 17 per cent of all Latin American exports in 1977 compared with only 8 per cent in 1960. Among the 11, no more than 14 per cent of the $6bn worth of annual *trade can be traced to* LAFTA's tariff cutting mechanism. LAFTA has been disappointing and one suspects that few hopes are pinned on its successor.**

Sabah: A market which slipped from the UK's grasp

BY PAUL CHEESERIGHT, RECENTLY IN KOTA KINABALU

HUNTING Technical Services, the UK-based consultants, will soon present to the state Government in Sabah, the east Malaysia state, a specially commissioned report on past development and future *strategy. Part of the costs have* been met by the UK Government.

There is a certain perverse irony in this situation. British companies have recently played scant part in the state's development and exhibit little *interest in what is oneof Asia's* fastest growing areas. Endowed with rich natural resources, Sabah is dubbed "little Texas" by Malaysians. It is, they say, "*the state where the money is.*"

Despite a thinly veiled official preference for British investment—and in this connection there is no differentiation *between* the UK and Australia —the strongest thrust from overseas into the state has come from Japan.

Investment is following trade. Already Japan buys 61 per cent of Sabah's total exports—mainly timber, but also crude *petroleum, all the state's copper* output and the lion's share of chilled or frozen prawns for sale abroad. It also provides more than 20 per cent of Sabah's imports.

By contrast, the UK provides

exports. The comparable percentages for the EEC are 8.91 and 5.38.

Sabah, in short, has passed into the Japanese sphere of economic influence.

"We're not thinking along the lines of *Sabah being an* economic satellite of Japan," said one official, "but we are aware of the problems. We would like to diversify our in*vestment sources,* but if other countries are not interested, then we will still allow the *Japanese to come in.*"

SABAH'S 1979 TRADE PERFORMANCE

	$m		$m
IMPORTS (of which)	2,035.7	EXPORTS (of which)	4,133.9
Machinery and equipment	774.16	Timber logs	2,050.9
Manufactured materials	366.08	Petroleum crude	1,288.1
Food and live animals	282.31	Palm oil	183.26
Fuels	183.42	Copper concentrates	134.3
FROM	(% of total)	TO	(% of total)
Peninsular Malaysia	25.92	Japan	61.02
Japan	22.23	U.S.	11.62
ASEAN	15.6	ASEAN	11.03
U.S.	10.99	EEC	5.38
EEC	8.91	South Korea	4.06

Source: Department of Statistics, Kota Kinabalu

Booming cocoa industry

The Japanese are already well ensconced in the Sabah timber industry: the basic source of *Sabah's wealth. They are* engaged in harbour, highway and hydro-electric power station construction, understanding that a prime requisite of development is the building of a minimum of infrastructure. They have a majority share in, and operate, the state's *only copper mine.* They are working on the development of a prawn and fishing industry.

Yet this northern corner of Borneo was once a British reserve. The old trading companies like Harrison and

remain active. The Hongkong and Shanghai and the Standard Chartered banking groups are active too. The Commonwealth *Development Corporation* pioneered the presently booming cocoa industry.

But fresh investment from the UK "is not that good," according to Datuk Harris bin Mohammed Salleh, the Chief Minister. There are no large groups *coming from the UK,* except John Howard International at the Labuan shipyard, he noted, but there are quite a few consultants.

investment, however, are extensive. The state Government is seeking to broaden the economy out from timber and is sponsor*ing an expensive programme* of agricultural development and fostering an export-orientated industrial complex at the free port of Labuan.

"Traditionally, Sabah has been an exporter of primary commodities. But the trend now *is towards greater local process*ing of primary commodities, especially timber, and manufacturing of primary goods for domestic as well as export adding to the value of primary resources is particularly important," said Datuk Harris.

This suggests an expanding market for equipment sales, including offshore oil plant, agricultural implements and chemicals and, of course, machinery for the timber industry.

The Malaysian Industrial Development Authority has identified a series of development projects which could be established in the state. Outside timber processing, these include vegetable oil, banana products and powdered spices plants, fishmeal and fish canning operations, cattle and poultry farm*ing processing industries based* on copper, limestone and coral, vehicle bodybuilding and repairs, paints, biscuits and ready-made clothing.

At the same time both Shell and British Petroleum are engaged in joint ventures, either exploiting or exploring for offshore oil and gas. The Sabah *Government's recent signing of* a memorandum of understanding with Daewoo of South Korea for a sponge iron plant on Labuan indicates local readiness to see offshore resources used for fuelling domestic industrial development.

New ventures will inevitably be with local partners, often the

state-sponsored co-operatives or other agencies. There is no shortage of local capital, however. The state Government has sought to streamline permitting procedures, but its view of a particular project is not necessarily decisive.

Federal Malaysian Government *approval is necessary for* any project demanding either an investment of more than *M$250,000 (£50,000)* or the employment of more than 25 people. Such approval can be accompanied by tax exemptions, investment tax credits, increased capital allowances and locational incentives, all individually negotiated and dependent on the nature of the project and its siting.

Recruitment in Britain

For all that, local businessmen stressed that Sabah needs *to be seen as a distinct market,* difficult to service from Peninsular Malaysia. This is partly a result of Sabah's geographical separation, but also reflects the fact that the state maintains its own immigration controls and has a radically different racial mix.

The Sabah Government shares in common with state govern-

ments on the Peninsular the desire to see indigenous employment opportunities raised, but, nevertheless, has a generally more relaxed view towards expatriate[...] the Gover[...] recruiting[...]

The pr[...] isolation[...]

shipping lanes, and many goods have to be trans-shipped from Singapore. Also its infrastructure is scant, and there is a labour shortage—the constru[...] [...]uld stop but for [...] The state has [...]ces and it has [...] seeking is the

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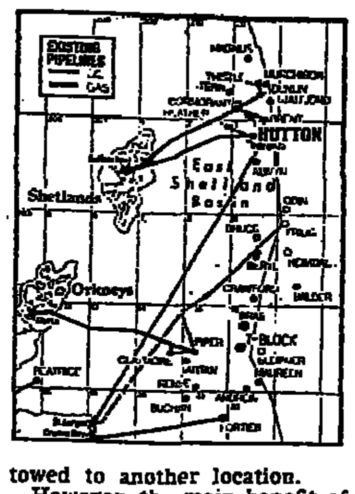
Floating N. Sea platform cleared

BY RAY DAFTER, ENERGY EDITOR

THE Government has given the go-ahead for Continental Oil's revolutionary development of the North Sea Hutton Field.

The project, costing about £600m, will involve the installation of a tension leg platform—a floating structure anchored to the seabed by vertical mooring lines. It will be the first time such a production system has been used by the offshore oil industry.



The development of Hutton will provide a further boost to the UK offshore supplies industry, for it is expected that about three-quarters of the equipment will be bought from British manufacturers.

Continental Oil and its partners—Gulf, British National Oil Corporation, British Gas, Amoco, Mobil, Amerada and North Sea Inc—plan to begin production from the field in the first quarter of 1984. Output is expected to rise quickly to 90,000 barrels a day, remaining at that peak level until about 1989.

Hutton, which straddles blocks 211/27 and 211/28 some 90 miles north-east of Sullom Voe in the Shetlands, has sufficient recoverable oil reserves to sustain production for about 12 years. The reserves are estimated to be about 250m barrels.

One of the advantages of a tension leg platform is that once the reserves of a small- or medium-sized field have been exhausted, the equipment can be towed to another location.

However, the main benefit of a floating system is that the unit can be used to exploit fields lying in very deep water. The system is designed to operate in water depths up to 2,000 feet although in Hutton—in a sense being used as a test bed—the water is only 480 feet deep.

The Energy Department said last night it hoped the successful introduction of the tension leg platform would lead to further structures of its type being installed in the deeper waters of the UK Continental Shelf.

The Department, which has given development approval through to 1990, added that oil from Hutton would be transported ashore via the Brent pipeline system to Sullom Voe.

Shell to hear petrol dealers' complaints

BY SUE CAMERON

SHELL HAS agreed to discuss petrol retailers' profit margins at a series of meetings with dealers scheduled to start next month.

This follows protests by 120 Shell dealers who last week accused the company of "making too much profit" out of them. The retailers, all from the North-West and all operating under licences rather than tenancy agreements, called for Shell UK to give them a better deal.

Now Shell UK has agreed to hold regular retailers' forums at which dealers' representatives can air any grievances. But the company has refused to allow the dealers to elect their own representatives Instead Shell itself will decide which retailers should be allowed to attend the forums.

The company, which has about 4,500 retail petrol outlets in the UK of which it owns some 1,700, has strongly denied that it intends to appoint "tame" representatives. It has appealed to the garage operators to "see how the new system works."

Shell has also attempted to refute claims that its licenced dealers—currently working on a profit margin of around 5p a gallon—need a margin of 7p a gallon in order to stay in business.

The company, which is joint leader with Esso of the UK petrol market, says there is ample evidence that many retailers selling competing brands of petrol are operating on margins "much lower than 7p a gallon."

It points out that the standard profit margin it allows its licensed dealers has been raised twice this year and is now 23 per cent higher than in 1979. It also maintains that it is in its own interests to trade with efficient, cost effective and profitable retailers.

The row over profit margins, which is being spearheaded by the Motor Agents Association, acting on behalf of many of the dealers, is part of a longer term campaign against licensing agreements.

The type of agreements operated by Shell enable the petrol company to dictate profit margins to licensees and to take a slice of the retailers' profits in the form of fees.

Finniston report is 'one for the archives'

By Alan Pike

OPPOSITION TO the Government's response to the Finniston Report on the engineering profession grew yesterday with a sharp attack from one of the industry's most influential trade unions.

"It is clear that the Finniston Report will now be just one more for the archives," said Mr. John Lyons, general secretary of the Engineers and Managers Association. "The Government clearly does not take the problems of professional engineers and the engineering dimension in British industry seriously."

The EMA, which pressed strongly for establishment of Sir Monty Finniston's inquiry into the profession, saw the report's recommendation for a statutory engineering authority as one of the essential ingredients for improving the status of engineering. Instead, the Government proposes to establish a voluntary body by royal charter.

Sir Keith Joseph, Industry Secretary, appeared to believe that Finniston's central recommendations dealt merely with engineering education and training and the formal registration of engineers said an EMA statement.

A body operating through a royal charter might satisfactorily reflect some of the traditional roles of the professional engineering institutions. But it would do nothing for the wider engineering dimension and the role of professional engineers in manufacturing industry.

The institutions had failed in the past to promote the role of engineering and the best use of professional engineers, and there was "nothing in these proposals to assume that they will succeed in doing it in the future."

The approach taken by Sir Keith towards the report, said the EMA, appeared to reflect the approach of some of the engineering institutions. "The EMA regrets the apparent role the institutions have played in arguing against the whole organisational basis of Finniston."

As the EMA was expressing its criticisms yesterday, Industry Department officials were meeting representatives of the institutions of mechanical, electrical, civil and chemical engineers, to discuss the proposals

The department has had one meeting with the Council of Engineering Institutions, on which all other institutions are represented. There will be another meeting today.

The present round of talks are preliminary, and representatives of the institutions expect that it will be about six weeks before the fine detail of the membership of the new body and its precise role come under consideration.

Until the new body is firmly established, th CEI, itself a charter organisation, has stressed it will continue to perform its duties of regulating the engineering profession.

Central Coachways is on the road to sunnier times

Making the most of the trippers' revival

JOURNEY ROUND ENGLAND

By Anthony Moreton

AT NINE o'clock yesterday morning a coach pulled out of Bridman Street in Walsall with its 45 passengers and headed up the M6 for Blackpool. Destined for the sands and sideshows? Not a bit of it. Destined, rather, for a football match.

Those who bemoan the increasingly early intrusion of the muddied oafs into the season of the flannelled fools will get little support from Central Coachways. The football matches bring a welcome shot of business to a trade that has taken more than its fair share of knocks, from changing social habits as well as the depression which has settled on the West Midlands.

Today, Central Coachways is putting on trips to London, Weston and Cheddar, Morecambe for the illuminations, and Aberystwyth. At the same time, it will have coaches taking holidaymakers around the Rhine Valley and Ireland and to Ostend and La Rochelle.

While coach holidays — whether day trips to Rhyl or 14 days in the South of France—are still big business in the trade, things are no longer what they were.

Alan Sanders can remember the time when Central Coachways had 37 coaches on the road and sent 16 a week to North Wales alone. Today, it's just four trips. Coach holidays took a terrible pounding in the sixties and seventies as rising affluence led to a big increase in the number of cars on the road, giving their owners the freedom of going where they wanted, as a family, when they wanted.

But with the rapid rise in oil costs of the past few years there has been something of a turnround. The decline has been arrested, and Alan Sanders says he gets families coming to him now who find it cheaper to leave the car at home.

He is in a good position to monitor these developments. He has been with Central Coachways, a subsidiary of the West Midlands Co-operative Society, for 16 years, the last three as manager, and before that he was a part-time driver for 12 years.

Most of Central Coachways' work is private hire: rugger clubs to Tewkesbury, pigeon fanciers to Tenbury Wells, that sort of thing: ending with a drink and back to Walsall around midnight.

The company does more long-distance continental holidays than British ones. "Our popular trip is the eight-day tour of Belgium, Holland and France, down the Rhine Valley and to Ostend.

"But we try to put on new venues each year. This year we are taking holidaymakers to the south of France and to La Rochelle, on the west coast, for the first time.

Leonard Burt

Mr. Alan Sanders of Central Coachways.

"The trouble with going to France is the problems that arise if there are breakdowns.

"We had a broken radiator in France on one coach trip to Switzerland. We arranged an alternative bus, and then flew out a mechanic from Walsall with a radiator tucked under his arm. He replaced the radiator by the roadside and drove the coach on to Switzerland, where he picked up the rest of the party. That operation was cheaper, and quicker, than if we had got a French garage on to it."

Another problem area is Spain altogether after the treatment we got there. It was scandalous. We sent a party booked into a three-star hotel. While it was still travelling we were told charges had gone up 50 per cent and unless we telexed the increase, the holidaymakers would not be put up.

"We were completely at their mercy, so we paid. But our party was still spread among two two-star hotels and an apartment block, with five miles separating the three places. That was the end. We have not sent anyone to Spain since then."

The strong pound has helped Mr. Sanders this year, enabling him to absorb increased costs without putting his charges up too much. The benefit has been especially felt by those going to Germany and France.

Coach drivers, contrary to general belief, do not clean up after a long trip. "By the end of a fortnight most people are pretty well spent out. There is not much left over for the driver. The hat goes round, of course, but no one is going to get rich that way.

Next Tuesday: Worcester—cricket on a summer's day.

Oil licence bids disclosed

TWO OFFSHORE exploration groups have disclosed their bids for new oil licences. They are among 204 companies that have submitted a record 125 applications for 95 blocks in the seventh round of concessions, writes Ray Dafter.

Energy Department officials have begun vetting the bids. Licences, allocated on a discretionary system, are expected to be awarded at the end of the year.

Caledonian Offshore Company, a small UK independent, said it had joined three consortia, two operated by Monsanto Oil, the UK subsidiary of the U.S. chemical group, and one led by Texas Gas Exploration. The Monsanto groups were interested in the Moray Firth and northern North Sea areas while the Texas Eastern consortium had applied for licences in the English Channel.

Hampton Trust, a U.K. property and investment company, said it had taken a 10 per cent interest in a group led by Oxoco Oil of Houston, and had bid for blocks in the Western Approaches and Moray Firth.

The seventh round applicants are:

A.B. Exploration
Agip (UK)
Albright and Wilson
Allied Chemical (GB)
Amarex
Amax Petroleum (UK)
Amerada Exploration
Amoco UK Petroleum
Aquitaine Oil (UK)
Aran Energy
Arpet Petroleum
Attock Petroleum (North Sea)
Bank of Scotland
Barclays North Sea
Ben Line Exploration
Berkeley Exploration and Production
Berkeley Seventh Round
Bidbill (OEMV Exploration UK)
Billiton Exploratie Maatschappij
Blackfriars Oil
Bow Valley Exploration (UK)
BP Petroleum Development
Bricomin Exploration Co.
Bristar (North Sea)
British Electric Traction
British Gas Corporation
British National Oil Corporation
British Sun Oil Company
Broken Hill Proprietary
Brown (David) Tractors
Burmah Oil Exploration
Caland Exploration (UK)
Caledonian Offshore
Canadian Industrial Gas (UK)
Canadian Pacific Oil and Gas of Canada
Candecca North Sea
Carless Exploration
CCP North Sea Associates
Century Power and Light
Channel Exploration
Charter Consolidated (UK offshore Oil Explorations)
Charterhall North Sea Oil Australia
Charterhall Oil
Charterhouse Oil and Gas
Chemical Promotion
Chequepoint Securities
Chevron Petroleum
Chevron Petroleum (UK)
Cities Service (UK)
City Oil Exploration
Cluff Oil Australia (UK)
Cluff Oil
Cluff Oil Hong Kong (UK)
Clyde Petroleum (Minerals)
Clyde Petroleum
Coalite Group
Cockrell Oil (UK)
Conoco (UK)
Dawsea
Deltzee
Del Mar Oil and Gas (UK)
Leima Construction (Fareham)
Deminex (London)
Deminex Oil and Gas (UK)
Deminex UK Petroleum
Diamond Shamrock Oil (UK)
Dikappa (Number 172)
DNO (UK)
Dolphin Petroleum
Dow Chemical International Energy
DSM Hydrocarbons (UK)
East of Scotland Resource
Elf Oil Exploration and Production (UK)
Enjay Holdings
Enserch Exploration (UK)
Esco Exploration
Esso Petroleum
Estel Minerals (UK)
Fina Exploration
Fishermen's Petroleum
Flamstone Oil and Gas
Gao England
Gao (UK)
Gas and Oil Acreage
Gatewood Investments
Getty Oil (Britain)
General Assets
GKN Exploration
Grandmet Oil
Gulf Oil
Guthrie Group Investment Trust
Hamilton Brothers Oil (GB)
Hamilton Brothers Petroleum (UK)
Hampton Gold Mining Areas
Hampton Trust
Hautpas
Highland Participants
Hispanoil (UK)
Houston Data Venture (UK)
Howard Doris Exploration
Hudson's Bay Oil and Gas Company (UK)
Hunt Oil (UK)
Husky Oil (UK)
ICI Petroleum
Industrial (Scotland) Offshore Oil
A Johnson Exploration
Jubilee Oil Co.
Kerr-McGee Oil (UK)
Lennox Oil
LL and E (UK)
LMS Energy (LME)
Lochiel Exploration (UK)
London and Scottish Marine Oil
Lonrho
Marathon Oil North Sea (GB)
Marathon Oil UK
Marine Navigation (Exploration)
Matheson Petroleum
Mobil North Sea
Monsanto
Moray Firth Exploration
Moray Petroleum Holdings and Development
Murphy Petroleum
Natwest Resources
Neste Exploration
New Court Oil Venturers
Norsk Hydro Petroleum
North Sea Exploration and Research
North Sea Selection Company
Norwich Union (Hydrocarbons)
Occidental Petroleum (Caledonia)
Ocean Exploration
Ocean Transport and Trading
Offshore Ventures Exploration
Oil Exploration
Oxoco (North Sea)
Oxoco (UK)
Pennzoil (UK)
Pentland Oil Exploration
Petroleum Exploration and Oilfield Services
Petrolex
Petrosearch International
Peyto Oils (UK)
Phillips Petroleum Exploration (UK)
Pict Petroleum
Placid Oil Co.
Plascom
Pogo British Isles
Premier Consolidated Oilfields
Provebond (Euroferry Energy)
Racal Exploration
Ranger Oil (UK)
Regentower
Reid Marine
RMC Explorations
Royal Bank of Scotland
RTZ Oil and Gas
Rutever (Jura Oil Co.)
Saga Petroleum (UK)
Santa Fe Minerals (UK)
Santop
Saxon Oil
Sceptre Oils
Seahawk Oil International
Sears Exploration and Development
Second North Sea Oil and Gas
Sedco North Sea
Shanetrell
Shell UK
Shorlglen (United Newspapers Energy)
Solent Motel (Hamble)
Solent Oil and Exploration
Sovereign Oil and Gas
Sunlite Oil Co. (UK)
Superior Oil (UK)
Swedish Petroleum
Tanks North Sea
Tanks Oil and Gas
Taylor Woodrow Energy
Tenneco Gt. Britain
Texaco North Sea UK
Texas—Eastern (UK)
Texas Gas Exploration (UK)
Third Triton Petroleum
Thomson North Sea
TI Energy Development
Total Oil Marine
Trans-European Co.
Transworld Petroleum (UK)
Tricentrol N. Sea
Trend Exploration (UK)
Trushelfco (No. 290)
Trust Houses Forte Oil
Ultramar Exploration
Unigate Exploration
Union Oil Exploration
Union Jack Oil
United Gravel
Unocal Exploration and Production (UK)
Valor Exploration
Venture Oil
Viva Petroleum
Volvo Petroleum (UK)
Weeks Natural Resources (UK)
Westburne Drilling and Exploration (UK)
Whitehall Petroleum
Zapex (Scotland)

Chubb's workforce on two-day week

BY CHRISTINE MOIR

WORKERS at Chubb and Son's Bright caesh register manufacturing plant have been put on a two-day working week pending a final decision on whether all manufacturing is to cease.

The cash register division lost £4.7m at the operating level in the year to March.

At the time those figures were reported, the Board warned that closure was a possibility.

Yesterday, Lord Hayter, Chubb's chairman, reinforced that warning. He told shareholders at the annual meeting that "the situation is under constant review."

However, he insisted that "whatever the outcome on the manufacturing side the service back up for cash register products will continue."

Later, Mr. William Randall, the managing director, refused to comment on, whether the decision to stop making cash registers was imminent.

He admitted, however, that the company "lost market share last year and has not made it up."

Chubb went into cash registers in 1976 when it bought Gross Cash Registers for £1.1m.

At the time, although loss making, Gross had about 22 per cent of the cash register markets.

By last year this had fallen to between five and 10 per cent.

The decision to close the cash register business will not affect Chubb's cash dispenser division which is still working at "full steam" to meet orders, according to Lord Hayter.

However, overall the group's first quarter figures "reflect the current depressed economic scene," he said.

Operating profits in the UK are lower than for the comparable period but the important lock and safe subsidiary is said to have a good order book and performance of the fire and burglar alarm businesses have "improved."

Guy de Jonquieres writes: Electrolux, the Swedish-owned domestic appliance manufacturer, is to introduce a three-day week at its Luton refrigerator factory from August 21.

It said that exports had been hit by the strong pound, while high UK interest rates had forced dealers to cut inventory.

Mr. G. James, Electrolux managing director, said: "We have been able to contain the situation longer than some other manufacturers, but stocks of refrigerators and freezers are now too high.

"It is difficult to see when an improvement in the situation can take place."

BSC abandons newspaper action

BY ALAN PIKE

THE British Steel Corporation yesterday discontinued a High Court action to prevent the Sunday Times publishing confidential BSC documents obtained from the Iron and Steel Trades Confederation.

After a 15-minute private hearing before Mr. Justice McNeill, the corporation said in a statement that it had now been given the opportunity to examine seven documents which the newspaper said it had obtained from the union.

"Having examined them, the BSC has decided that it is unnecessary to pursue the action to restrain publication of these particular documents."

The main document had been published in full by the ISTC, to whom it had been provided in confidence by BSC last December. Other documents related mainly to the steel strike and some had already been published, in whole or part, by BSC or others.

"Publication of hitherto unpublished statements from them, if put in proper context, *would not be regarded as objectionable* by the corporation, particularly as the information is now *somewhat obsolete*."

If the Sunday Times had agreed to a formal request from BSC to be *supplied with copies* of the documents, said the statement, the proceedings would have been unnecessary.

However, the corporation's other legal tussle—over confidential *documents* supplied by an unidentified source to Granada Television — remains unresolved.

Granada is under a court order to name the informant. A seven-day grace period in which to do so, granted last week by BSC, expired yesterday.

During the day, Granada delivered a letter to BSC which the corporation was considering last night. The contents have not been revealed but it appears that the letter does not identify the informant.

Granada has told BSC that it does not know the source of the documents. It says that only one employee, a researcher, knows the identity of the person who supplied the information, used in a World in Action programme during last winter's steel strike.

N. Ireland 'marching season' less explosive

By Stewart Dalby

IT WAS inevitable there would be violence and rioting of some kind at Tuesday's Apprentice Boys' march in Londonderry.

This parade is the last big Loyalist event in Northern Ireland's July and August marching season.

Thousands of largely Protestant Loyalists marched noisily through the centre of Londonderry to commemorate the siege of 1789 when 13 apprentice boys held the city against the siege by Catholic King James II by slamming the old gates closed.

Londonderry is often called the Jerusalem of Ireland, and historically it is important for different reasons to both communities.

Not so historically, it was Londonderry where British troops were reintroduced to *Northern Ireland* in 1969 to hold the ring between the two warring communities. Immediately before then, Catholic civil rights protests were crushed by largely Protestant policemen or more particularly the disbanded B Specials.

The Loyalists are no longer allowed to march around the old walls of the city as this would take them to the edge of the Catholic Bogside district. But the parade gets close enough to the city centre for Catholic feelings to be inflamed.

Unless it is a Sunday the public *houses* are *open* all day, a lot of drink is taken, and groups of youths usually hijack cars, burn buses and throw stones and bottles at the most convenient targets—normally police or soldiers.

This year the toll was two burned buses, one burned van and a fire in a supermarket. But no one was injured.

It was more than likely that last weekend's demonstrations, this time by Catholic Republicans, would also lead to disturbances.

The Republicans — most notably the provisional Sinn Fein, the political arm of the provisional IRA—held a rally in Anderstowntown in Catholic West Belfast to mark the anniversary of internment without trial in 1970.

Speeches are made and usually one or two Provos brandish weapons. Gangs of youths, many unemployed, often come along to see the show and then go on the rampage when the rally breaks up.

Over the weekend of August 8 and 9, two people died in West Belfast and more than a dozen were injured. Cars were hijacked and burned and a lot of bottles and bricks were thrown. However, the main events were the quietest in years.

This may have been partly because the Army largely kept out of the way and let the RUC do most of the work.

But perhaps the real reason for the quieter times is that, after ten years of violence and eight years of direct rule by Westminster, community tensions are not as sharp as they were.

This is reflected in the appearances of the cities. Londonderry has seen a lot of building and Belfast is beginning to look more normal.

The signs of past violence are still around, but the killing and the shooting seems to be largely confined to border areas and Catholic ghettoes.

Most people in the Province can lead normal lives. The bloody street battles are virtually a *thing of the past* and most riots seem to be condensed into the two marching months of July and August.

Scheme 'hits at small companies'

By Lorne Barling

THE GOVERNMENT'S scheme compensating employers who put 10 or more workers on short time instead of making them redundant was criticised yesterday. It effectively excluded many companies with small workforces, often the ones most in need of assistance, said Birmingham Chamber of Industry and Commerce.

A letter appealing for an end to what the chamber calls discrimination against small companies has been sent to Mr. David Mitchell, *Under-Secretary* of State for Industry.

The scheme was working well in the Midlands, according to the chamber, but with 80 per cent of its member-companies employing less than 50 people, a high proportion were unlikely to want to make more than 10 *people redundant*.

The chamber's director, Mr. John Warburton, said many smaller companies were struggling desperately to keep going in the present economic climate, yet it was *more difficult* for them to meet the eligibility requirements than others.

"Over the last few weeks we have had a steady stream of calls about the scheme and how it operates. Many small companies have been extremely disheartened to learn that assistance will not be forthcoming."

"This criterion clearly discriminates against small companies which are denied any sort of Government support whatsoever *when they find themselves* faced with redundancies. We strongly urge the Government to waive the criterion in these exceptional times."

Mr. Warburton said the Midlands was at the top of the league for redundancies in the first half of this year. If the region was to come through the hardship with a healthy small company sector, early Government action was needed.

He accepted that the scheme was constructed to tie in with redundancy notification provisions of the Employment Protection Act 1975, and that the administration of small claims would be more expensive per job saved than with larger companies.

"While we fully support what is being achieved in respect of public funds, there are times when it is important to swerve from the ultimate purpose when the situation so warrants. We are convinced that this is just such a time," he said.

Tyne Shiprepair group completes reorganisation

BY OUR SHIPPING CORRESPONDENT

THE TYNE Shiprepair Group has completed a reorganisation of its facilities and says it will break even financially by March. In the past couple of months the group has won £20m of new business.

Last December, British Shipbuilders announced a *major re*-organisation of its shiprepair facilities to stem heavy losses. About 1,400 jobs were axed, 500 on the Tyne, and 500 on the Thames.

British Shipbuilders has now concentrated the bulk of its shiprepair activities, which lost £10.1m on a turnover of £63.1m *last year, at the* Tyne Shiprepair Group—Britain's biggest shiprepairers—and at Vosper Shiprepairers on the Solent.

As well as the 14 per cent reduction in the workforce, Tyne Shiprepair Group has closed its London headquarters, put Wallsend Slipway Shiprepairers onto a care and maintenance basis and centralised its financial and commercial services at South Shields.

The group operates five shiprepair yards and an engineering company, and employs around 3,000 people. The trades unions have agreed not to strike and are allowing full labour mobility between yards and a disbanding of demarcation lines.

Last year Tyne Shiprepair *lost £7.4m on sales of £36.6m.* Mr. Eric Mackie, chairman and chief executive, said yesterday that the company would be "trading at break even point" by the end of the financial year.

There are 18 ships being repaired with another 20 to follow—about half the workload is for foreign owners. One of the major contracts is to refit HMS Fearless, the Navy's 16,000 ton assault vessel. This will employ a seventh of the workforce for a year.

Tyne Shiprepair group has just completed its first refit of HMS Torquay within the contract time and price, something many of the naval dockyards have failed to do.

A recent study of the royal dockyards forecast a substantial and systematic expansion of private sector refitting work and Tyne Shiprepair hope to win much of this.

● Vosper Thornycroft (UK) a British Shipbuilders company has won an order for a 75 ft fast patrol boat from the Government of St. Vincent and The Grenadines. Delivery is due in early 1981 and follows similar orders from Oman and Zanzibar.

NCB looks at road-rail development

THE NATIONAL Coal Board may become the first organisation to use the ideas for combined road-rail vehicles developed privately by Lucas Aerospace shop stewards but rejected by Lucas management.

The hybrid design was adopted by the shop stewards four years ago after original work by North East London Polytechnic.

But the scheme, and others in the shop stewards' "Alternative Corporate Plan" for Lucas, was thought by the management to be unsuitable for development or marketing by the company as one of its own products.

The coal board thinks the technology behind the concept may have applications down coal mines.

The board has placed a £16,000 contract with the polytechnic to study the possible advantages for coal mine operations of the steel-rubber wheel technology built into a converted single-deck bus.

This had its first public demonstration yesterday on the private West Somerset Railway at Bishop's Lydeard station.

The rail-bus can be converted instantly for either road or rail operation using simple equipment designed by the shop stewards and the polytechnic's Centre for Alternative Industrial and Technological Systems.

The coal board is interested in how the use of conventional rubber tyres and steel guide wheels may speed the transport of miners underground, the polytechnic said *yesterday.*

Rubber wheels could speed trains in mines and enable mine operators to design steeper gradients than are currently possible.

● BNF OFFICE: British Nuclear Fuels is to build a 300,000 sq ft office building at its nuclear power complex at Risley, near Warrington.

The company employs about 2,000 people at Risley but expects to have more than 2,500 on site by 1983. Work on the new office block will start early in 1981 and should be completed by mid-1984.

● The Back Pain Association is approaching industry with *a proposal that companies pay* the association a "consultancy fee," similar to that made for advice on tax or pension matters. It suggests that any payments made in the interests of employees' health are allowable against Corporation Tax in the same way as other employee benefits, such as pension plans and BUPA membership.

Coventry Football Club rejects Talbot name plan

FINANCIAL TIMES REPORTER

THE Football Association yesterday opposed Coventry City Football Club's proposal that it change its name to Coventry Talbot, as part of a sponsorship deal agreed with Talbot, the car manufacturer.

But the FA's opposition to the name change has not affected Talbot's sponsorship of the club this year, according to Talbot.

The sponsorship, said to be worth "many thousands of pounds" will involve the Coventry club's officials and players driving Talbot cars, supplied free by the company, making special appearances and staging soccer teach-ins for the manufacturer's workers and families.

The second phase of the deal, to be introduced next season, was the proposed change of the club's name to Coventry Talbot.

The FA has opposed the proposed name change, it being contrary to regulations agreed by the FA council who regard such action as "undesirable."

According to FA rules a club can only change its name to that of a company if the players are "substantially employees" of the sponsoring company.

A Talbot works football team, for example, could bear its employer's name.

Talbot said yesterday: "At this stage the FA's decision does *not affect our sponsorship for* the club this year and we still hope the club will be able to change its name."

Talbot, which this week put 6,800 workers making the Alpine and Solara models on a two-day week until further notice, said it believed the deal offered great promotional opportunities and that this was the right time for imaginative schemes to try to sell cars.

Mr. Jimmy Hill, Coventry's chairman, who plans to give up his Lotus car to drive a Solara, said it was important for the club to form links with local industry.

House of Fraser upset widens

BY JOHN MOORE

HOUSE OF Fraser, the department stores group which owns Harrods, has asked Lord Duncan-Sandys, chairman of Lonrho, the international trading conglomerate, to replace Mr. Paul Spicer, another Lonrho director, who is his alternate on the House of Fraser board.

Mr. Spicer represents him whenever Lord Duncan-Sandys is unable to attend board meetings. Lonrho is House of Fraser's largest shareholder with a 29.99 per cent holding and recently attempted to gain more influence in the company's affairs in a bitter boardroom clash.

Last week the House of Fraser board removed Mr. Tiny *Rowland, Lonrho's chief executive,* as its non-executive deputy chairman. It replaced him with Professor Roland Smith who also became head of the board's executive committee.

The request to Lord Duncan-Sandys by Sir Hugh Fraser, House of Fraser's chairman, to replace his present alternate director marks a new phase in the growing bitterness between House of Fraser and Lonrho.

Lord Duncan-Sandys is on holiday in Portugal and according to Lonrho yesterday had yet to see the letter. It is understood that House of Fraser was unhappy with comments by Mr. Spicer, which appeared in the press last Thursday, over the changes in the Fraser boardroom.

It is also understood that Lonrho's solicitors have written to the House of Fraser board concerning the new structure of the Fraser board and service agreements which been entered into.

Mr. Spicer said yesterday that his position on the Fraser board was a personal appointment by *Lord Duncan-Sandys and it was* for him to take any appropriate action.

"He has not even seen the letter so I am surprised that the Financial Times is aware of it."

In order to devote more time to the affairs of House of Fraser, Professor Smith has resigned as a non-executive director of Owen Owen, Record Ridgeway and Unicorn Industries. He also *plans to withdraw from some* other commitments

Opinion poll majority says unions should seek less

BY JAMES McDONALD

A SMALL majority of people believes that in the national interest workers should accept wage increases of 10 per cent or less in the next pay round.

A much larger majority believes unions should co-operate in the fight against inflation by putting in lower wage claims than usual. These views are reported in an opinion poll published today.

The poll was conducted by Opinion Research and Communication, who interviewed 1,061 people. Of this sample, 54 per cent thought the average wage increase in the next pay round should range up to 10 per cent: 16 per cent thought rises of 10 to 15 per cent would be in the national interest; 11 per cent thought settlements should be above 15 per cent; and 19 per cent did not know.

Asked if, as part of the fight against inflation, unions should ask for lower wage increases than usual, 77 per cent said they should.

But 15 per cent agreed with an alternative proposal, that unions "should get as much as they can for members," as being nearest to their own opinions.

Of the Government's various anti-inflation measures there was 75 per cent—approval for keeping money supply under tight control; 69 per cent—strong; 88 per cent—approval for cutting "top people's" pay increases; but only 26 per cent —approval for keeping interest rates high.

Estate agents 'show racial bias'

BY LISA WOOD

ESTATE AGENTS in Britain are practising "widespread discrimination" against black people, the Commission for Racial Equality claimed yesterday.

Research in 1974, by the Political and Economic Planning Group, showed that 12 per cent of black applicants to estate agents suffered racial discrimination.

Mr Malcolm Campbell-Lee, one of the Commission's five commissioners, said yesterday that contemporary evidence showed that this percentage "was no less today."

The Commission was giving details of its first formal investigation in the housing field. The investigation was into Cottrell and Rothon, estate agents, of Lewisham, in South-East London, where more than 10 per cent of the population is black.

The commission found that over a period of years the firm had kept details of prospective black purchasers on pink record cards and possible white purchasers on white cards.

If a vendor specified that he did not want to sell to a black person, the agents noted this on their property records and did not provide details of the house to prospective black purchasers.

According to the commission, the estate agents said it had never discriminated on racial grounds and that the pink and white card system was not based on race or colour but on an applicant's spoken accent.

At the end of the investigation, the commission issued a *non-discrimination notice to the* estate agents. Under its terms the agents had to instruct staff not to discriminate and to give the same instruction to new staff over the next five years.

Mr Campbell-Lee said there was no question but that pressure was put on estate agents by vendors, and possible pressure was put on vendors by neighbours.

New double glazing system

MAGNET AND SOUTHERNS, the timber and joinery group, is to produce and market through its 230 outlets a hardwood double-glazed window system. The group claims it will be strongly competitive with aluminium double-glazed windows, which have about a £300m-a-year share of the British windows market.

Tilting anew at an old mechanism

Some of Britain's future energy needs may be met by windmills. David Fishlock, Science Editor, looks at a plan for a cluster of £1m machines.

WINDPOWER has plainly displaced wavepower in the eyes of the Central Electricity Generating Board, as its engineers have learned more of the problems and costs of scaling up the scientists' inventions so that they are not destroyed by the sea.

Mr. Glyn England, the CEGB's chairman, disclosed yesterday that it was to search for a site in England or Wales where it might instal about 10 modern windmills.

Mr. England said that offshore mills had been the main target of his Board's interest in the last few years, because of the criticism they expected over siting such machines on-shore. The offshore aerogenerator was still a longer-term objective.

But the Board believed that prospects for on-shore machines "have now become much brighter as a result of recent progress in various parts of the world for operation on sites with lower windspeeds." It is now thought that such machines might be sited on some of the flat inland areas, for instance on the east side of England.

The machines would be spread about half-a-mile apart, to avoid aerodynamic interference between them. The CEGB's best estimate of the cost at this stage is about £1m each for an aerogenerator—to give the windmill its modern name—of 1 megawatt electrical output.

Many big windmills have been built around the world in the past five years, and have frequently shed their blades.

The latest disaster reported is to a 100 kW aerogenerator installed for Electricite de France at Ile d'Ouessant in Brittany. It burled one of its 58 ft blades over 200 yards and, to quote M. Michel Hug, EdF's director responsible for building new plant, ended up looking "like a bent paperclip."

The U.S. Department of Energy has declared its willingness in principle to spend about $800m on a development and commercialisation programme.

One of its officials describes the aerogenerator as "more like a fatigue testing machine that as a sideline produces energy."

His office had to pay for repairs to a 200 kW aerogenerator in New Mexico which quickly developed cracks and began to pop rivets.

The CEGB plans to ride on the back of aerogenerator experience in a number of other countries, including Denmark, Canada, Sweden and West Germany.

This experience includes not only the fatigue life of a machine which bears much closer resemblance to a helicopter than to the traditional Dutch windmill with its gently revolving wooden transmission.

It includes the reaction of neighbours to a noise like a helicopter, and to severe local interference of television.

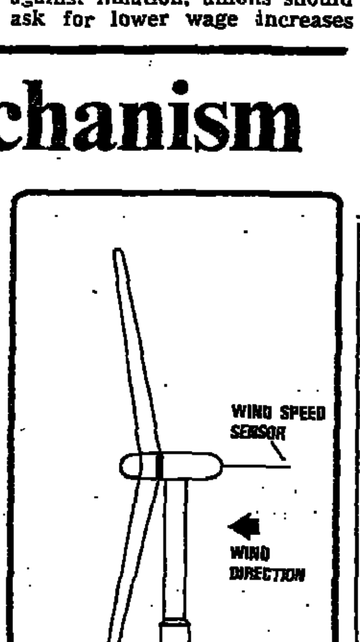
The traditional windmill works for only about one third of the time, because the rest of the time the kind is blowing either too gently or too hard for safety.

New designs may improve on a load factor of 33 per cent. But the CEGB has no illusions that windmills will ever provide what it calls "firm power"; that is, electricity whenever the customer wants it.

For this reason it sees windmills not as an alternative to nuclear power stations, which ideally it would like to run round-the-clock, but as a possible way of saving some of its fossil fuel.

Several major engineering organisations have already indicated their interest in designing large windmills for manufacture in large numbers for the electricity supply industry. One consortium includes British Aerospace and Cleveland Bridge. Another includes Sir Robert McAlpine and NEI Clarke Chapman Cranes.

Other companies may be moved by the prospects of CEGB business to licence designs from abroad. In the U.S., for example, the Department of Energy has ordered a cluster of three 2.5 MW aerogenerators from Boeing, expected to be among the biggest ever built and the first to be tested as a cluster.



Sketch of the windmill at Trind in Denmark, which has 87 ft. blades and a tower over 160 ft. high. The power it provides is far from free, however. U.S. estimates say present technology might produce electricity—when the wind is blowing—at the same price as oil.

EUROPEAN OPTIONS EXCHANGE

Series		Sept. Vol.	Sept. Last	Dec. Vol.	Dec. Last	March Vol.	March Last	Stock
SEAR C	$20	—	—	1	1⅛	10	1⅞	$18⅞
		Oct.		Jan.		April		
ABN C	F.300	4	21.50	2	22.50	—	—	F.321.50
ABN C	F.320	4	6.50	3	8.50	5	10.50	
AKZO C	F.22.50	10	1.20	4	2	1	2.90	F.25
AKZO C	F.25	—	—	15	0.80	—	—	"
AKZO P	F.25	65	2.20	5	2.50	5	2.60	"
AKZO P	F.27.50	5	4.50	—	—	—	—	"
AMRO C	F.70	4	0.90	7	1.90	—	—	F.65.10
HEIN C	F.55	32	4	—	—	—	—	F.59.50
HEIN C	F.60	34	2	77	3.50	—	—	"
HEIN C	F.65	12	0.50	—	—	—	—	"
HEIN P	F.60	45	3.50	—	—	—	—	"
HEIN P	F.65	2	7.20	2	7.50	—	—	"
HEN C	F.56	2	3.50	—	—	—	—	"
HEN C	F.60	3	2	—	—	—	—	"
HEN P	F.56	5	0.80	—	—	—	—	"
IBM C	$70	2	1⅝	—	—	—	—	$56⅝
KLM C	F.60	2	7.70B	—	—	—	—	F.67.20
KLM C	F.70	1	2.20	5	3.20	3	4.90	"
KLM P	F.60	—	—	1	5	—	—	"
KLM P	F.70	11	6.60	2	8	—	—	"
NAT C	F.90.90	1	27.50	—	—	—	—	F.117
NAT P	F.109.10	15	2	—	—	—	—	"
NATN C	F.120	12	1.60	11	3.30	—	—	"
NATN P	F.110	15	1	2	2.70	—	—	"
PHIL C	F.17.50	60	2.10	1	2.60	40	2.60	F.19.40
PHIL C	F.20	219	0.60	153	0.80	10	1.20	"
PHIL P	F.17.50	—	—	30	0.50	10	0.70	"
PHIL P	F.20	74	1.10	100	1.50	162	1.70	"
PHIL P	F.22.50	15	3	—	—	—	—	"
POLA C	$25	3	4	—	—	—	—	$27⅞
OLIE C	F.150	26	21.60B	—	—	—	—	F.171.40
OLIE C	F.160	32	12.40	6	15	—	—	"
OLIE C	F.170	165	5.20	2	7.10B	—	—	"
OLIE C	F.180	4	1.70	29	2.70	—	—	"
OLIE P	F.150	5	0.40	—	—	—	—	"
OLIE P	F.160	42	2A	13	4	—	—	"
OLIE P	F.170	—	—	47	8.40	—	—	"
OLIE P	F.180	—	—	5	15.50	—	—	"
UNIL C	F.120	5	3.30	—	—	—	—	F.120.30
UNIL C	F.130	21	0.70	—	—	—	—	"
		Aug.		Nov.		Feb.		
OCCI C	$25	24	1½	—	—	—	—	$26⅝
SLUM C	$110	5	21½	—	—	—	—	$131½
SLUM C	$120	5	12	—	—	—	—	"
SLUM C	$130	—	—	7	8	1	17½	"
VW C	DM.170	—	—	1	6.80	—	—	DM.171.80
VW C	DM.180	—	—	5	2.80	—	—	"

TOTAL VOLUME IN CONTRACTS 1777

C=Call P=Put

Observer union move denied as 'speculation'

BY NICK GARNETT, LABOUR STAFF

MR. OWEN O'BRIEN, general secretary of the print union NATSOPA said yesterday that he was strongly opposed to any suggestion that his members would consider taking over the work of machine managers at The Observer. The pay dispute at the newspaper is threatening its existence.

"We feel very strongly about the dispute but we don't want to stir the water. The suggestion of our members doing the work of the machine managers is speculation," said Mr. O'Brien.

"You would get unpleasant reactions at all the other newspapers and that kind of disruption is just what no one wants in the present state of the newspaper industry.

NATSOPA senior officials expressed this view by telephone to officials of the National Graphical Association, the machine managers union.

It followed strong suggestions that some NATSOPA machine assistants at The Observer would be prepared to consider taking over the machine managers' work in a move which could have disruptive repercussions in other parts of Fleet Street.

Mr. Jeffrey Dongworth, the father (shop steward) of the Observer machine manager's chapel, said yesterday that he would not alter his position even if the management went ahead with its decision to shut the newspaper with the last edition fixed for October 19.

The reformulated claim represented the lowest terms he was prepared to accept. To reduce them further would be "capitulation." Some of the machine managers might change their position as the deadline drew closer but he doubted that more than a handful would do so.

Mr. Thornton F. Bradshaw, president of Atlantic Richfield, the paper's U.S. owner said yesterday that he had been in contact by phone with the London management each day for the past several months.

"Atlantic Richfield has put considerable funds into the rebuilding of the Observer, which we consider to be a highly worthwhile enterprise," Mr. Bradshaw said.

"We have reached the point where we must see the possibility of the paper supporting itself. If we cannot have that anticipation, then we will shut the paper down."

Mr. George Jerrom, London officer for the NGA, whose national council will discuss the Observer crisis today repeated last night that the management virtually had an agreement from the union for production of a 48-page paper and could have further negotiations for the few occasions when it wanted to print a larger paper.

Railmen seek unity on claims package

By Philip Bassett, Labour Staff

RAIL UNION leaders are to meet next week to discover whether they can unite around a package of claims that would effectively form the unions' price for agreement to some of British Rail's productivity proposals.

The package to be examined by the three unions on Tuesday suggests average pay increases of close to 20 per cent as the condition for the union's co-operation. This was proposed in a confidential discussion paper drawn up by the research department of the National Union of Railwaymen, the industry's largest union.

The unions earlier this year secured pay increases for their members averaging 20 per cent. The size of the increase, together with rising inflation and fuel costs, was one of the major factors forcing BR to announce a second rise in fares this year from November 30.

Union leaders agreed after last week's meeting of the Joint Railway Council to try to see whether the BR Board's programme of productivity changes could be brought forward. The meeting on Tuesday is designed to see what common ground there is between the unions for agreement on the changes.

This year's rail pay deal included a commitment from the unions to a package of productivity proposals put forward by the Board, on which talks have been continuing.

Still outstanding, though, were some changes in working practices and existing agreements sought by the Board under the 1979 pay deal. It was acknowledged by the Board that further payments could accrue from agreement on these changes, which include an examination of present rostering practices.

The NUR research paper will form the basis of the discussion at Tuesday's meeting. It was delivered to the other two rail unions, the train drivers union ASLEF and the white-collar Transport Salaried Staffs' Association, earlier this week.

The paper is itself based on the NUR's own Railwaymen's Charter, which laid down its price for co-operation. The paper includes suggestions that as a price for agreement, increases should range from 12-13 per cent at the lower end to as high as 28-29 per cent at the top.

The average increase is under 20 per cent, though the paper also includes improvements in hours, holidays, unsocial hours payments and some guarantee of job protection as part of the price for agreement.

TUC to block Howe again at NEDC

BY PHILIP BASSETT, LABOUR STAFF

THE TUC will again block the Government's attempt to involve it in discussions on pay restraint in isolation from talks on other economic issues, if the Chancellor of the Exchequer tries to broach the subject again at the National Economic Development Council's next meeting.

Mr. Len Murray, TUC general secretary, refused to let Sir Geoffrey Howe, Chancellor, open last week's NEDC meeting with a pay discussion based on a paper on pay, prices and unemployment.

The aborted discussion was to have been the Chancellor's first major attempt to have union leaders discuss pay within the format of the council.

It was clear, following yesterday's meeting of the TUC's key economic committee, which discussed the NEDC meeting, that if, as expected, the Chancellor tried to reintroduce the paper at the council's next meeting in October, his move would again be blocked if that paper was substantially unchanged.

Sir Geoffrey intends to revise the paper before representing it to the council. But it seems doubtful that anything except major changes, which are unlikely, would satisfy the TUC and prevent it blocking discussions again.

Union leaders on the economic committee regarded the Chancellor's paper as a propaganda exercise, showing no intention on the Government's part to discuss, as the TUC wants, the whole of its economic policies.

They saw it as the Government's direct attempt to place on the unions the responsibility for what they see as the consequences of the Government's deflationary policies.

The committee will recommend to next week's general council meeting that the TUC supports a Labour Party rally against the Government's economic policies, in Liverpool on November 29.

Senior TUC officials acknowledged yesterday that the TUC would not in the foreseeable future organise any demonstrations, particularly any involving industrial action, on a national scale against the Government, following May's Day of Action, widely criticised as a failure.

The committee examined TUC structure and purpose through a paper prepared for the meeting. TUC structure will be debated at a special weekend conference of the TUC's finance and general purposes committee in November.

● The TUC said yesterday that overall more than two-thirds of the UK full-time workforce is either on a basic working week of less than 40 hours or moving towards that in the near future.

In a progress report on its campaign for reduced working time, the TUC said more than 500,000 manual workers had secured reductions in normal weekly hours since its last bulletin in April. This brought the total of manual workers working less than 40 hours a week to about 4½m.

Arbitration recommended to local authority staff

BY NICK GARNETT, LABOUR STAFF

DELEGATES of the biggest local authority white collar union will be recommended by union negotiators later this month to accept arbitration to resolve a national pay dispute.

Union officials have rejected the employer's 13 per cent offer which covers 540,000 staff, mainly members of the National and Local Government Officers Association.

NALGO's national local government committee will recommend recourse to arbitration at the delegates meeting on August 29.

The union said yesterday that a survey of attitudes among local authorities showed that some were prepared to settle above 13 per cent.

These authorities, the union says, include North Yorkshire, Kent, Wolverhampton and Yorkshire and Humberside.

The unions' claim of about 21 per cent is based on an attempt to maintain the comparability—they believe they established last year.

The group is due to settle in July, making it one of the last large sectors in this wage round yet to conclude their negotiations.

Negotiators for the local authorities say their own survey showed that 13 per cent was the upper limit for virtually all authorities and that many wished to settle below this figure.

● A report by the Clegg pay comparability commission on local authority building workers says that, for England and Wales, each group of local authority building worker was not behind comparable groups as a whole. However, a rate above the present one would be justified for plumbers.

Brixton pickets arrested

BY OUR LABOUR STAFF

EIGHTEEN PICKETS were arrested yesterday outside a South London employment office after police tried to limit the number of pickets protesting about the sacking of two employment office workers.

Six pickets are recommended, in the Government's new code of practice on picketing, as the maximum that should be allowed in a picket line. The code does not however, come before Parliament for approval until October. The Department of Employment said the limiting of pickets to six outside the Brixton employment office was a "coincidence."

After the arrests, two Labour MPs and an executive member of the sacked workers' union, the Civil and Public Services Association, accused the police of "provocative action." The police said they were there to keep the peace. The decision to restrict the pickets had been taken some time ago and was not following the code of practice.

Scotland Yard said the arrests were for alleged obstruction. They were made as parts of a crowd of around 200 demonstrators tried to join pickets at the employment office entrance. Scuffling broke out as the arrests were made, but there were no serious injuries. Twenty-four staff have been on strike at the office in support of the two dismissed workers who were also local trade union activists.

Shop steward investigated

THE SCOTTISH TUC is taking up with the Government the case of a Dumfries shop steward whose trade union activities were investigated by the police after he applied for a visa to visit East Germany.

Mr. James Milne, general secretary of the STUC, wrote yesterday requesting a meeting with Mr. George Younger, Secretary of State for Scotland.

The shop steward, Mr. James Hogg, is a member of the Transport and General Workers' Union. He wanted to visit East Germany as part of a delegation

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Virginia Fuel Conversion Authority.
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PUBLIC NOTICES

CARDIFF CORPORATION BILLS
£1,400,000 Bills issued 22nd July 1980 at 14⁷⁄₃₂% to mature 21st October 1980. Applications £17,800,000. Outstanding £1,400,000.

READING B.C.
£1,200,000 Bills issued 13.8.80 at a rate of 14²⁹⁄₃₂% p.a. to mature 12.11.80. Total applications were £13.2m and these are the only Bills outstanding.

ROTHERHAM CORPORATION BILLS
£2,000,000 Bills issued 13th August 1980 at 14²⁹⁄₃₂% to mature 12th November 1980. Applications £21,000,000. Outstanding £4,000,000.

SLOUGH BOROUGH COUNCIL £700,000 Bills issued 13-8-80 due 12-11-80 at 14²⁹⁄₆₄%. Total applications £6,300,000. Outstanding Bills £700,000.

ST. HELENS BOROUGH COUNCIL BILLS issued 12 August 1980, £1.9m Bills at 14²⁹⁄₃₂% due 11 November 1980. Applications £13.3m. Total outstanding £4.4m.

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AND
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ANGOSTURA BITTERS (DR. J. G. B. SIEGERT & SONS) LIMITED
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At a meeting held 7th August 1980 Board declared preference dividend in respect of year 1980 of 10% less withholding tax for non-residents of Trinidad and Tobago. Preference stock register will close from 18th to 22nd August 1980, both days inclusive. Dividend payable 22nd August.
K. J. R. STEVENSON
Manager
Securities Department
Canadian Imperial Bank of Commerce,
55 Bishopsgate,
London EC2N 3NN.

GOETAVERKEN

US$40,000,000.00 8½% BONDS DUE SEPTEMBER 15, 1987

NOTICE IS HEREBY GIVEN to the Bondholders of the above issue, that the amount redeemable on September 15, 1980, i.e. US$2,000,000.00 was bought back in the market.
Amount outstanding: US$34,000,000.00.
Following numbers drawn for redemption on September 15, 1979 have not yet been presented for payment:
Nos. 24573, 34655, 34634, 34635.
For Goetaverken Arendal A.B.
(formerly A.B. Goetaverken Goeteborg)
BANK OF AMERICA INTERNATIONAL S.A.
Luxembourg
Fiscal Agent and Principal Paying Agent

NATIONAL COAL BOARD

U.S.$50,000,000
8¾% GUARANTEED NOTES 1981
U.S.$100,000,000
8% GUARANTEED BONDS 1987
U.S.$50,000,000
8½% GUARANTEED BONDS 1988

Holders of the above bonds or notes are advised that the Annual Report and Accounts 1979-80 of the National Coal Board are available for inspection at the office of S. G. Warburg & Co. Ltd., 30 Gresham Street, London EC2P 2EB.
14th August, 1980.

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هكذا من الأصل

THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

'The advertising business must learn to recognise good fortune when it stares it in the face'

Advertising: pessimists at bay

IT IS A CHEERING thought that the blind pessimism that a year ago blanketed all discussion of prospects for advertising in the current recession has been swept away. The outlook is still unclear. The going could indeed get rough.

But whereas a year ago you would have been hard pressed to find two optimists to rub together, the debate has now broadened and matured to a point of relative sophistication, so that even the most lugubrious forecasters have cast their doleful cant aside and concluded that — why, yes — there is moderate cause for optimism.

A year ago, it was widely put about that advertising expenditure was heading for a fall that in real terms would equal the debacle of 1974-75, when the ad spend plummeted. That advertising was acutely vulnerable to recessions was advanced as an article of faith, without any of the pessimists stopping to bother themselves whether the graph lines of the past were strictly relevant to today.

What they did not ask was whether there was not an outside chance that advertiser attitudes had changed, to the point where panic raids on the advertising budget would in future be seen for what they are: symptoms of timidity that can badly misfire, hurling out both plug and baby with the bathwater.

Has there been a real change of attitude among advertisers? It is still too early to say. But the case for hope was best summarised by Harold Lind, formerly head of research at the Advertising Association and now at AGB.

"Over the next couple of years," he wrote recently in Marketing, "companies may be convinced of the need to advertise, but their cash flow will be weak — probably even weaker than it was in 1974. Under the circumstances it would be amazing if the optimists were right, and advertising came through relatively unscathed.

"But there is a rational hope that in spite of the depth of the recession, advertising might do markedly less badly than in 1974-75. Instead of falls of 20 or 30 per cent in real terms, the business might escape with a 10 or 15 per cent fall."

He says this forecast will make no friends among true enthusiasts, who are convinced that each boom will last forever. "But if advertising escapes as lightly as this, it will in fact be an amazingly good performance, and say a great deal about the improved esteem in which advertising is held among businessmen."

We shall see. But as a supplement to Mr. Lind, his successor at the AA, Michael Waterson, recently put his finger on a part-explanation for continued advertising buoyancy that is in all likelihood at least as potent as the fundamental-change-of-attitude hypothesis — to wit, import penetration and the high advertising costs incurred by importers.

Import share

Mr. Waterson is far from bullish. He has given voice to the view that with the exception of the classified sector, which is likely to be hit very hard by the rapid rise in unemployment, it does indeed appear likely that the massive falls in advertising revenue registered in some previous recessions may be avoided this time around — not because of any profound change in attitude among advertisers but because television advertising in this recession may well be buoyed up by importers, and because consumer expenditure, a primary determinant of advertising expenditure levels, is not expected to fall as precipitously as in previous recessions.

As Mr. Waterson says, since the last recession there has been a marked change in the share of many domestic markets now supplied from overseas — a polite way of referring to import penetration.

In some manufacturing sectors, where advertising expenditure is high, the rise in import penetration has been dramatic. For example, since 1970 the share of the domestic car market taken by importers has risen from 8 to 41 per cent; importers' share of motor cycle sales has risen from 38 to 76 per cent, and there have been major importer gains across a broad swathe of other consumer goods categories.

On the other hand, it is also possible, says Mr. Waterson, that the UK advertiser has taken a progressively smaller share of total advertising expenditure in line with smaller market share.

"Since total expenditure at the height of the boom in 1979 was not greater in real terms than in the previous boom in 1973, and since importers probably advertise more per unit of sales, it may be probable that attitudes to advertising have not really changed. In fact, the reverse might be true—that UK advertisers have in fact been advertising proportionately less in recent years."

Be that as it may, the optimists prevail. According to Mr. Lind: "Over the past decade, advertising, and particularly television advertising, suffered from a steady long-term downward trend, underlying the peaks and troughs of the trade cycle.

"If this continued, the future of advertising would look bleak indeed. Yet today, in spite of the approach of what is generally agreed to be the most severe recession since the war, the advertising industry, and particularly television, is bubbling over with optimism and many voices are raised to say that the industry is now virtually recession proof. . . . Is this optimism justified?"

Fashionable

There are two obvious and major reasons for TV's prosperity, says Mr. Lind. First, its advertising base has broadened. Former reliance on packaged groceries is far less marked. Second: "Just as it was fashionable in the early '70s for advertisers to doubt the value of the television expenditures, there is now a growing body of evidence that the fashion has changed, and the advantages of television advertising are becoming more widely recognised."

There are two reasons for this, both of them strong, but one more susceptible to evidence than the other. The more subjective reason is that heavy cuts in advertising support in 1974-75 permanently weakened some major brands *vis-a-vis* competitors whose budgets were cut less viciously. The second reason is the recovery, since 1977, of recognised, heavily-advertised, grocery brands versus own-label.

The lesson is clear: the advertising business must learn to recognise good fortune when it stares it in the face. According to Mr. Lind: "There is a magnificent line from the musical Li'l Abner about the general who could 'take a defeat and turn it into a rout'. It would be a pity if the advertising business inflated its expectations to such an extent that it mistook the victory of a fall of only 10 per cent in the deepest recession since the war for a genuine old-fashioned disaster."

Gareth Griffiths explains how Scotch exporters must contend with political discrimination and economic puritanism

Scotch: an uncommon market

THE PROMOTERS of Scotch whisky are currently faced with problems most British industries had to face a long time ago. The spectacular Scotch boom of the 1960's and '70s has ended, growth is now a restrained 4 per cent, and whisky faces strong competition from other spirits, notably the adaptable and increasingly fashionable vodka.

The boom was based for a long time on one market—the U.S. Other major markets in Japan, the European Economic Community and Latin America are fraught with political problems and discrimination. But it is these markets the whisky makers now have to concentrate on to maintain growth. (Exports account for about 85 per cent of stocks cleared from bond.)

France, the most blatantly discriminatory, is at present faced with an order by the European Court of Justice to lift its ban on the advertising of Scotch. The French Government instituted the ban on health grounds, although French products such as cognac, rum and armagnac can be freely promoted.

Time to stall

French whisky sales have therefore remained disappointingly low. In spite of rising prosperity, whisky penetration of the spirits market is only 5.5 per cent compared with the 52 per cent figure in the UK. But the whisky industry is more concerned over the effects of a discriminatory manufacturing and consumption tax than the advertising ban.

Opinions within the Scotch industry are divided over the likely French reaction to the Court of Justice ruling. One school of though suggests that the French will lift the ban within the next year or so, allowing the French Government time to stall on a previous Court decision which found France guilty of fiscal discrimination.

Most companies, however, are still working on the assumption that France will defy the Court and continue the advertising ban in some form. Certainly, advertising strategems are being worked out on this assumption. The drive in advertising is aimed at trade papers and promotional work in night clubs. Marketing is also heavily dependent on the quality of individual salesmen.

The second market with a partial advertising ban is Brazil. Brazil, unlike other parts of Latin America, has shown a strong downward trend in sales —last year a decline of 21 per cent by volume. Scotch whisky bottled in Scotland may not advertise on TV and radio, although bulk whisky shipped out to Brazil and bottled locally can advertise. As in France, there is a discriminatory manufactured goods tax.

Scotch whisky advertising has generally been run overseas on a contracting out basis. The manufacturer appointed distributors with mark ups usually equal to the price per case charged by the manufacturer. The distributors would then appoint the advertising agencies and generally run the campaigns.

Companies defend this policy by arguing that local agents know their markets far better than marketing departments based in London. Scotch whisky has more than 200 separate markets and most companies are dealing with more than 120 individual markets.

Manufacturers also have varying degrees of control over promotional work. Distillers, the largest whisky group with half the world's whisky sales, says it allows autonomy to agents. However, there is a general DCL directive that advertisements should generally be "in good taste" and promote the image of exclusive brands—up market and not cheap.

DCL will generally provide advertising funding for markets it wishes to develop. Normally the main promotional costs are borne by distributors. When a decision is taken to expand a market such as in the EEC, the manufacturer will provide a sliding scale system of funds, usually worked out on the basis of cases sold.

DCL marketing strategies generally run for three years, although adjustments are usually made on an annual basis. Local agents are generally flown to London for discussions over the various brand images. The group has an ultimate sanction in that it can terminate supplies over a six-month period if promotional work is seen as conflicting with the group's overall image. (It rarely uses the sanction as continuity is viewed as most important.)

But there are signs that such an approach is gradually being modified. James Buchanan, a DCL company which produces Black and White, Buchanan's, Strathconon and Royal Household, has centralised its European promotional and advertising campaigns, the aim being to give Buchanan blends a common image whether the language is Italian, German, Dutch or Spanish.

The spread of advertising media varies greatly from country to country, despite the common strategy, slogans and copy. The plethora of private television stations in Italy, for example, means a strong concentration on TV advertising. Television advertising, which is not allowed under a self-denying ordinance in the UK, is generally viewed as having the most impact.

West German advertising rates mean that a full page ad in a national magazine can cost around £30,000. Scotch whisky has to join a two-year waiting list for German television and regional premiums have effectively ruled out the regionalisation approach seen in Italy.

Buchanan's decided to concentrate its advertising in two or three West German magazines. The company is clear about its West German target consumer, an urban dwelling executive between 25 and 35, earning about £20,000 per year.

Target consumers are generally similar throughout the world, except in the U.S. where the Scotch market has traditionally been wider and where ironically it is today faced with relative decline.

Advertising campaigns now try as much to push the brand label rather than a vague association of Scotch and the mystique of whisky. That mystique comes through strongly, however, in some of the symbols. The striding figure for Johnnie Walker and the pipers for Dewars date from the last century. All companies stress to their marketing departments the importance of continuity and tradition.

Exclusivity

Political pressures on Scotch can be considerable. Several companies have recently found their advertisements on television in Venezuela (a booming market) taken off the air because of skilful lobbying by local rival drinks companies.

Bells, a very market orientated company, has found that the political situation in South Africa, another important market, has meant that promotional campaigns differ between those for the white section of of the community and those for coloured and black.

Bell is in an exceptional position within the Scotch whisky industry of selling the majority of its products at home. Although there is the traditional lack of direct control on promotion, which is left to agents, Bell does insist that promotions concentrate on the brand as an exclusive and expensive product.

Marketing staff in the UK, however, face a problem deriving from their company's name, in that overseas agents are often tempted to try to use a bell in advertisements and campaigns, a use frowned upon by the manufacturer.

Mr. John Rudd, managing director of Berry Bros. and Rudd, which markets the Cutty Sark label, follows a policy of leaving most advertising decisions to the local agents. The company has an overall policy of buying space in magazines with a trans-European and Atlantic readership such as Time or Newsweek.

There is also an emphasis on promoting public events such as the Cutty Sark Tall Ships race. This year it had more than 100 entrants, and Mr. Rudd estimates there were more than 1m spectators in Amsterdam for the finish. He is sceptical about whether such events generate as many spin-offs as the industry would like to believe, but he thinks there is some promotional mileage to be gained.

Scotch's high price in Japan does, however, provide its main selling point — exclusivity. Many whisky sales are for gifts where high prices are decisive.

The U.S., still the most important market for Scotch, presents the whisky companies with a mixed situation. The 18 controlled states often impose total advertising bans which means a reliance on national or regional media. In nearly all cases, however, the sheer size of the U.S. market means that promotional and marketing decisions are left to the local agents' discretion.

Sony gain takes B & B billings to £34m

SONY UK HAS switched its £2.5m advertising account to Benton and Bowles in what is the Knightsbridge - based agency's largest single account acquisition to date.

The account was formerly at BBDO. The switch marks no change of marketing emphasis on the part of Sony, whose UK sales last year were £100m, but follows the resignation three weeks ago of BBDO managing director and creative director Tim Delaney, who has joined forces with Ron Leagas, formerly managing director at Saatchi and Saatchi Garland-Compton, to form a new agency, the Leagas Delaney Partnership.

Benton and Bowles has put on an estimated £9.5m worth of new business in the past three months, to take annualised billings to around £34m. It has won new business from Gillette, Syntex Laboratories, ATV, Richardson - Merrell, Jaguar and Scholl, plus several unspecified new ventures.

Leagas Delaney was one of four agencies seen by Sony. The others were B&B, Saatchi and Saatchi, and Boase Massimi Pollitt.

The account had been at BBDO for seven years.

So far this year, says Sony's sales and marketing manager, Tim Steel, Sony has outperformed the market in all six categories in which it competes: colour TV, video, audio systems, hi-fi separates, portables and tapes.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

● PROCESS CONTROL

Takes guesswork out of tanning

A MICROPROCESSOR-BASED control system for the leather industry is among the first fruits of the Government's campaign to persuade manufacturers to use microelectronic technology in their products.

The system, which automatically measures the area and thickness of tanned hides, was developed by Edward Wilson & Son of Liverpool with support from the Department of Industry.

Raymond Wilson, joint managing director, said this week: "This machine tells the tanner for the first time what the hell is going on in his factory."

It is also one of the first commercial applications of "bubble memories," microelectronic devices which store information in the form of microscopic magnetic bubbles, in the UK. Texas Instruments, which manufactures the bubble memory used in the tannery system, said: "Wilson & Son were very quick off the mark in using this new device."

A prototype system has been in operation at Holmes Hall Tannery in Hull for the past three months, and systems have been ordered by Prime Tanning in the U.S. and Ernst Linhardt in West Germany.

The systems cost £35,000 apiece. Raymond Wilson was unwilling to estimate sales in the next five years, pointing out that the tannery business is a conservative industry, but argued that with over 150 tanneries in the U.S. alone, the potential should be very high.

The system, named the Photoscan Sorter 3, is designed to solve the tanner's basic problem. He buys in skins, covered in hair and wet through, by weight, yet sells the finished leather to his customers by area.

The raw hides are of unknown quality—all the tanner can do is trust in his favourite supplier. The hides are scraped and tanned—immersed in a mixture of chrome alum salts in wooden barrels. In this state they are called "wet-blue."

Traditionally, the wet-blue hides are graded either manually or using calipers. Wilson and Son claims the Photoscan Sorter 3 will accurately grade the size and thickness of the wet-blue hides allowing the tanner to decide how to get the best out of each individual hide

The machine is a conveyor belt on which the hides travel between human sorters These grade the quality of the skins by eye. The machine measures the area of the hide using a photoelectric cell technique and the thickness of the hide using transducers. The information is processed by a microcomputer based on a Texas Instruments processor chip and displayed on a visual display unit.

According to Wilson: "The data enables the tanner to specify accurately and control hide purchases and accumulate comprehensive information to compare hide sources."

In other words, it adds numeracy to what has been an art and craft. Wilson, whose firm has been making equipment for the tanning industry since 1875 and whose chief specialism is rotary knives, says the machine is standard for any tannery anywhere in the world and that it takes much of the guesswork out of the operation.

Wilson is setting up a new division to deal entirely with the possibility of using microelectronics in its products.

● ASSEMBLY

Production costs cut

ASSEMBLY is claimed to have been simplified and costs reduced in the manufacture of the TI Russell Hobbs Futura electric kettle by means of an ultrasonic plastics welding machine supplied by Dawe Instruments. The machine is used to attach a bracket inside the kettle for holding a float which prevents operation until there is enough water to cover the heating element.

Previously the bracket was held by two metal inserts and two screws, requiring several production operations. With the Dawe machine only one welding operation is needed to fix the bracket in position. The savings in component costs alone are said to amount to £5,600 a year, which will pay for the welding machine within the first year of its operation.

Since the Futura kettle has a plastic body the correct functioning of the float is essential, so the bracket must be securely attached. It is claimed that strength tests have shown the welded joint to be unbreakable in normal use.

The Dawe machine used by Russell Hobbs is a 700W model fitted with a welding horn resonant at 20 kHz and designed to reach inside the kettle to apply the ultrasonic vibrations to the bracket. Welding and setting the joint under pressure takes only a few seconds.

Details from Dawe Instruments, Concord Road, Western Avenue, London W3 0SD (01-992 6751).

● COMPUTING

Cartridge storage system

OFF LINE recording can be carried on at the same time as on-line transmission with a cartridge tape storage system made by Columbia Data Products and available in the UK from Data Type Systems, Unit 23, Elliott Road, West Howe Industrial Estate, Bournemouth BH11 8JZ (02016 6561).

Dual RS-232C/V24 communications ports are utilised for on and off line operation allowing the units to be connected between a modem and computer port and a terminal or data logger. Transmission rates are independently selectable for each port which, in conjunction with buffer storage permits on-line baud rate conversion.

Likely applications will be in remote data storage and retrieval, text and word processing, media conversion and high to low speed interconnection. Recording can be at up to 19,200 baud.

This model 300D accommodates either 300 or 450 ft ANSI compatible data cartridges offering respective capacities of 2.57 and 3.86 megabytes.

● STORAGE

Handling is made easier

COLD STORE operators are offered an alternative to the widely used rough-and-ready timber and cardboard palletainers, says U-T Bar, 14 Broadway, St. James's, London SW1 (01-222 5483), which has developed with Tay Textiles a special fabric palletainer for the bulk storage and handling of frozen vegetables.

Prototype incorporates many of the characteristics of Tay Textiles' standard Taybags, including a woven polypropylene container body made from UV stabilised fabric, and four lifting loops in woven polyester webbing.

When used in conjunction with a standard U-T Bar pallet converter set, a special support structure ensures that the bulging sides of the fabric palletainer do not extend beyond the cubic limits of the pallet converter.

The new system is cheaper than others because of the reduction of materials needed for construction. It also saves on labour intensive assembly costs.

Keeps beer flowing

LARGE CONTAINERS are commonly used nowadays for delivering beer to public houses, and turbine flow meters are generally regarded as the most suitable means of measurement of beer during filling processes in the automated plants installed by major breweries.

There have been problems in the past, however, with turbine flow meters which can overspeed as a result of modern steam cleaning methods for the sterilisation of pipelines.

Because damage to conventional turbines inevitably reflects in disruption to production, this hazard has often cost brewers dearly.

A solution has now been found. Following a design change turbine meters which are not affected by steam cleaning have been devised, says Bestobell Meterflow, Royston Road, Baldock, Herts (0462 892228).

After being subjected to two bar steam for periods of 20 minutes (2.5m pulses) at a time, the new turbine meters retained their accuracy, says the company, and it adds that the 86 series are equally suitable to use in other sections of the drinks and food industry where steam cleaning is a factor.

● COMMUNICATIONS

Industrial telemetry venture

MUNICH COMPANY Johne and Reilhofer, which recently passed the £10m turnover mark after about 11 years of activity, has formed a subsidiary in the UK to market its range of industrial telemetry based upon pulse code modulation (PCM) principles.

This particular time division multiplexing technique has been used for some ten years by the Post Office and other PTTs with a view to making better use of underground local (and some trunk) cables and similar techniques are common enough for data transmission within computer systems. The technique has also been used to certain extent in private communications system (on railway trains for example).

The German company has been specialising in PCM telemetry — the extraction of measured data from transducers that are monitoring force, pressure, temperature, flow and so on, their conversion to a coded digit stream, and transmission over a simple pair line at the end of which will be connected a recorder or a computer.

The basic advantage of PCM is that a number of channels of information can be sent down a simple pair of wires at the same time. In addition, because the data is sent in terms of simple on-off pulses detected at the receiver as either present or not present, they can be replicated to remove any noise picked up on the line and the data will be subject to no distortion en route.

The same applies to recording on tape: each pulse can be made to generate a replica of itself, removing the tape hiss. In addition, PCM can match the high frequency response of direct analogue recording and can if need be record DC levels as well.

Basically the technique consists of sampling the analogue waveform at small time intervals and allocating a specific pulse code to whatever amplitude is found at any particular moment. It is then possible to interleave a number of these pulse streams into a single stream for transmission.

Johne and Reilhofer equipment employs 10 or 12 bit signals giving resolutions better than one part in 1000 or 4000 respectively.

Equipment is available in basic eight channel module form, with units for signal processing, digitising and transmission. The sampling rate can be varied to suit the frequency content of the signal and for slow signals a sub-modulation technique exists that will allow eight channels to be carried by each nominal channel, yielding a total of 64. In general, the smaller the number of channels the greater the information rate.

By assembling modules says the company, systems to meet most customers' requirements can be devised and for recording, a compact quality magnetic tape recorder is available. For complex systems computer control can be made available and for biological monitoring applications a miniature version of the equipment has been developed.

In fact, the company claims it can come up with a system to suit most needs and can even offer a very compact battery powered microwave link for transmission from vehicles or rotating shafts.

Johne and Reilhofer (UK) is at Oddstones House, Thompsons Close, Harpenden, Herts AL5 4ES (05827 69987).

GEOFFREY CHARLISH

Data control systems

THE GOVERNMENT owned telecommunications services company Cable and Wireless has moved into data control systems for manufacturing with the introduction of IMPCON by its subsidiary, Cable and Wireless UK Services (UKS).

UKS had already designed two "bespoke" systems and has amalgamated the know-how with that of Computer Systems Development (CSD) to design IMPCON, which stands for "inventory management and production control."

A complete package based on the CS range of Data General computers has a base price of about £40,000 and there are a number of operating modules, writte nin Cobol, which cover purchases, works orders, movements, bills of materials, work in progress and costing. Additional modules cover forecasting and planning.

First customer is Ansafone, the telephone answering machine company, for use in its Camberley plant.

More from Cable and Wireless UK Services, 82 Blackfriars Road, London SE1 (01-633 9577).

● INSTRUMENTS

Checks the heat

NEEDING NEITHER calibration nor external power source is a portable digital thermometer introduced by Tempatron, 6, Portman Road, Battle Farm Estate, Reading (0734 596161).

Called the Elcont, it is a completely self-contained, battery-operated, hand-held device that gives up to 12 hours' continuous use before its internal dry-cell battery needs replacing.

LOMBARD

Don't count on the sheep

BY JOHN CHERRINGTON

ALL WILL BE well after the elections; according to those who excuse the present French behaviour over lamb, and the German unwillingness to expose their small farmers to the full blast of competition from fellow members. The theory is that once Giscard is back in the Elysée and Schmidt in Bonn somehow or other economic reason will take the place of political expediency. Then the Common Agricultural Policy will be enthusiastically reformed by statesmen with no reason to fear another election *for some time.*

This is a dangerous delusion. The protection of French sheep farmers *is not just a ploy in the* electoral strategy of Giscard versus Chirac or even Mitterand, to be taken up and discarded as required. Successive French Governments have invested very large sums over the years in supporting their sheep farming areas as an alternative to their becoming deserts. Whoever *wins the next election is* almost certain to keep this *policy in being.*

The French sheep industry is based on a high market price and certain production subsidies. It does appear to be supported by public opinion if the French Press is anything to go by. It *may be a social policy, and as such should be* looked after by either the EEC social fund or a national payment. *Instead the French find* it better to make the consumer pay as he does by restricting competing imports — from Britain, New Zealand and fellow members.

Exasperation

German policy is much more wholesale. Agriculture ever since the last war has been supported as national policy, to counter the spread of urbanisation. To that end industry has been persuaded to go to the country so that the smaller farmers could find part-time work. This has been most successful, and although the number of those classed as farmers has halved in the last 20 years, the policy still persists.

Nor would I expect the French to be any more accommodating about New Zealand butter imports, agreement on which they have just vetoed in a unilateral action which has exasperated some of their fellow members. But this exasperation is of no consequence to the French who seem deaf to almost every argument with which they disagree. In fact Mr. Mehaignerie, the French Minister of Agriculture, a most aggressive character to meet, seems to take a peculiar relish in aggravating *his partners: particularly* Mr. Peter Walker, who rises to his provocation like a trout in May.

Because Germany is a major paymaster to the CAP, although a beneficiary as well, no British politicians are very rude about the shelter given her farmers, although German policies are much more in contravention to the competitive strictures of the Rome Treaty in the aggregate than those of *France.* Without the provision of industry and the protection of the 9 per cent Compensatory levy there would be no chance of survival for the greater part of the German farming population.

The way out

Both policies, the French for sheepmeat and the German one generally, could be termed social policies. *True indeed. But the philosophy* behind them is that farmers are much better employed on their own farms than joining the dole queues or existing on Community payments in rural parks—one of Dr. Mansholt's suggestions to cure the peasant problem.

If there were no CAP, both countries would still be supporting these sections of their populations, irrespective of the economic sense or nonsense of the systems.

This problem is fundamental to the Community and is likely to get worse when Spanish accession becomes an issue, *which it will in the near future.* Mr. Walker pointed the way to the solution when he suggested *as a cure for the perennial dairy* surplus that each country should be responsible for its own excess production by a form of national aid.

This proposition, of course, negated absolutely the principles of the CAP, but it could provide the continuance of some sort of an agricultural policy which could conceivably work.

'This beats me,' said the Law Lord

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THERE ARE only five women among the 25 parliamentary draftsmen, and I wonder whether this preponderance of men has anything to do with the tortuous drafting of statutes. It is one of my cherished illusions that women are more prone to using plain language. One has so few illusions left that I would rather not be told if Section 1 of the Equal Pay Act 1970 (as amended by the Sex Discrimination Act 1975 Section 8) was the work of a draftswoman. Whoever drafted it did certainly not make the meaning clear enough for children—or *the Law Lords.*

Indeed, its text to this day baffles not only the employers and employees whom it concerns, but also judges, starting with the industrial tribunals and ending with the House of Lords.

Interpretation

Their Lordships were considering* whether Mrs. O'Brien and her two friends were entitled to equal pay compared with men engaged in similar work which was of equal value according to a job evaluation study, *the results of which had* not been adopted or implemented by the employers. This depended on the interpretation of Section 1 of the 1970 Act. An industrial tribunal said that they were not entitled to equal pay. The Employment Appeal Tribunal said they were. Three Lord Justices of Appeal said they were not, and the five Law Lords were unanimous, on July 30, that they were.

One shudders to think of the legal costs incurred before Lord Russell of Killowen made it crystal-clear that it was the will of Parliament that women doing the same work should have the same terms of employment as men; that this principle should overrule anything in their contracts of employment which leads to inequality; and further, that a job should be considered equivalent if it was so rated by an evaluation study.

These rules are simple enough, and it is remarkable how easily draftsmen could throw learned judges into disarray by working the rules into five clauses, one sub-clause and two sub-sub-clauses. Clause 5 of Section 1 reads: "A woman is to be regarded as employed on work rated as equivalent with *that of any men if . . .* her job and their job have been given an equal value . . . on a study undertaken with a view to evaluating the jobs to be done by all or any of the employees in an undertaking . . ."

Such a study was done in the works of Mrs. O'Brien's employers, Sim-Chem, and Mrs. O'Brien and her friends based their claim on its results. The employers, however, said that they had not yet adjusted the salary structure according to the results of the inquiry, and its conclusions could not be effective because clause (2) (b) restricts the benefit of equal pay to terms of contract "determined by the *rating of* the work."

The employers argued that the evaluation study *was not* enough in itself: the equality clause was intended to bite only after the rating had been adjusted. Such reasoning would clearly defeat the purpose of the Act, but curiously the employers had quite a bit of luck with it. They argued that one could not assume that the parliamentary draftsmen indulged in tautology. "The rating of the work" must necessarily refer to something else than "work rated as equivalent."

Lord Russell did not agree. The best one could do, he thought, was to assume that the phrase indicated that the equivalent job rating was to show the terms of employment to be less favourable. The best thing was to say "This beats me," and to jettison the words as superfluous. It seemed eminently sensible that Parliament should impose the requirement of *equality* at the moment when the evaluation study disclosed discrimination, said his Lordship.

That something so obvious could be questioned illustrates *the dangers* of the so-called precise method of legislative drafting. It is not at all precise, *often* obscures the intention of Parliament and creates ambiguities. But having said that much *against* them, I would like to spring to the aid of the parliamentary draftsmen in the matter of the superfluous words: "*Any term* . . . determined by the rating of the work" does not seem superfluous if one realises that there may also be other terms of the employment contract determined not by the rating of the work, but by other considerations, for example, the length of service, or the age of the employee.

Charter parties, like statutes, provide ample opportunity for creating a muddle by a misguided search for pseudo-precision. The Commercial Court is kept busy with disputes which would not be possible if the contracts were drafted in plain language. One such dispute came before Mr. Justice Lloyd in the form of an appeal† against an arbitration award following the sinking of the Golden Leader off the coast of Japan in April 1976. The point at issue was the liability of the ship's owners for the total loss of cargo. Clause 2 o fthe charter party provided that owners were liable only in the case of improper or negligent stowage, *if* they *did* not apply themselves with due diligence in making the vessel seaworthy, and *if* the loss was caused by the personal act or default of the owners or their managers. *The clause excluded* liability in respect of all other clauses.

It seems that clause 2 would have excluded the liability of the shipowners but the shippers, all *state-trading* companies from Eastern Europe, read on and discovered that clause 38 starts with the words: "Notwithstanding clause 2, owners and masters are responsible for correct and safe stowage . . . and for delivery of the cargo in good order and condition (including responsibility for the delivery of the same *number* of parcels as mentoned in bills of lading) . . ." It was argued that this clause creates an absolute liability which washes out the exceptions and restrictions in clause 2.

The judge thought that did not make sense. If the shippers were right, clause 2 *would* be a waste of breath. The words "Notwithstanding clause 2," said the judge, suggested only that clause 2 had an independent life of its own. Clause 38 *would prevail only* in the specific matters it regulated: its meaning was that the number of *parcels for which* the owners were responsible subject to the terms and exceptions of the *charterparty* was the number mentioned on the bill of lading. This meaning could hardly be *deduced* by grammatical interpretation, but as the judge said: "It makes infinitely better *commercial* sense than to suppose that the owners were accepting absolute liability."

Intention

He quoted Lord Reid, who said‡: "The more unreasonable the result, the more unlikely it is that the parties can have intended it, and if they do intend it the more necessary it is that they shall make that intention abundantly clear."

Intention is all, whether of Parliament or of parties to a contract. If the intention is reasonable there is no need to hide it in obscure clauses, and if it is unreasonable, it will not be believed unless expressed in plain words.

* *House of Lords: O'Brien and Others v Sim-Chem Ltd., Judgment July 30, 1980 TLR August 4.*

† *High Court, London, Q.B. Arbitration between Mineralimportexport and others, and Eastern Mediterranean Maritime Limited, the "Golden Leader." Judgment June 10, 1980, unreported.*

‡ *Schuler v Wickman, [1974] A.C. 235, p. 251.*

Bustomi ready for Salisbury

RACING

BY DOMINIC WIGAN

THE JOCKEYS' Championship, which seemed in the bag for Willie Carson as he went to Goodwood week with a commanding lead over Pat Eddery and Lester Piggott, now has a totally different look about it.

Not only is the nine times champion Piggott riding a good many more winners than the Scotsman at present—but for the first time in six or seven years he is taking in a high proportion of the mid-week fixtures.

A further encouraging factor for the Piggott supporters is that Carson's enforced absence through suspension sees Dick Hern's stable jockey missing both Newbury and York.

Carson, poised to reach the 100 mark, could, with a little luck, notch up the season's first century at Salisbury this afternoon. The former champion, who misses Sunday's Prix Jaques le Marios ride on Known Fact, has bright prospects with Bustomi, Toptool and Restful.

The pick of the paddock on his racecourse debut at Newbury *just under a month ago,* Bustomi ran a particularly encouraging race in the six furlong Ecchinswell Stakes. Squeezed for room at a crucial stage inside the two furlong marker as Buffavento, Junta and Navette made the best of their way home, Bustomi was fighting hard to recover his momentum. He managed fifth place, 2½ lengths ahead of Craigour.

Believing he will not only have come on a great deal as a result of that run, but will also be far better served by the additional furlong of the Whitchurch Stakes, I take Lady Beaverbrook's colt to win with plenty to spare.

SALISBURY
2.00—Martial Arts
2.30—Precious Jade
3.00—Bustomi***
3.30—Botanist
4.00—*Toptool***
4.30—Restful*
5.00—Norroy

CATTERICK
2.15—Philanmattie
2.45—Free Forester
3.45—Come On Taffy

NEWTON ABBOT
2.30—Drayton Star
3.30—Kerry Street
4.00—Sandwilan

TV/Radio

BBC 1

÷ *Indicates programmes in black and white*

6.40-7.55 am Open University (Ultra high frequency only). 10.00 Noah and Nelly in Skylark. 10.05 Jackanory. 10.20 Cheggers Plays Pop. 10.40 Take Hart. 1.30 pm Mister Men. 1.45 News. 4.13 Regional News for England (except London). 4.15 Play School (as BBC-2 at 11.00 am). 4.40 Singing, Ringing Tree. 5.05 John Craven's Newsround. 5.05 Young Explorers.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 *A Choice—or a Dilemma?* (Panorama Special) Report from the Democratic Convention in New York.
7.00 Looking Good, Feeling Fit.
7.35 *Top Of The Pops.*
8.05 Taxi.
8.30 Last of the Summer Wine.
9.00 News.
9.25 The Assassination Run by
8.35 All About Books with Russell Harty.
11.10 Fred Emney in "The Old Boy Network."
11.50 Weather/Regional News.

All Regions as BBC-1 except as follows:

BBC Cymru/Wales — 5.55-6.20 pm Wales Today. 7.00 Newyddion. ÷7.10-7.35 Phil Silvers as Sergeant Bilko. 9.25-10.35 The Assassination Run, part 1. 11.50 News and Weather for Wales.

Scotland — 1.25-1.30 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.50 News and Weather for Scotland.

Northern Ireland—4.13-4.15 pm *Northern Ireland News.* 5.55-6.20 Scene Around Six. 11.50 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look *East (Norwich); Look North* (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50-6.55 pm Open University.
7.00 Dallas.
7.45 Mid-Evening News, including subtitles.
8.00 Small World.
8.10 Horizon.
9.00 Call My Bluff.
9.30 The Great Double-Bass Race.
10.35 Cartoon Two.
10.45 Newsnight.

BBC-2 Northern Ireland only: 11.30-1.15 pm and 4.00-4.50 Golf: The Carroll's Irish Open from Portmarnock Golf Club, Co. Dublin.

LONDON

9.30 am Gardening Today. 10.00 *About Britain.* 10.25 *The Secret* World of Reptiles. 12.00 Little Blue. 12.10 pm Stepping Stones. 12.30 The Democratic Convention. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Here Today. 2.45 *Send In The Girls.* 3.45 *Looks* Familiar. 4.15 Project U.F.O. 5.15 Mr. and Mrs.

5.45 News.
6.00 Thames News.
6.30 An Exceptional Child.
7.00 "For The Love Of Ada," *starring Irene Handl and* Wilfred Pickles.
8.30 This England.
9.00 Edward and Mrs. Simpson.
10.00 News.
10.30 The Hands of Kathryn Stott.
11.00 Jack On The Box.
11.30 Lou Grant.
12.25 am What The Papers Say.
12.40 Close: Personal Choice with Charles Eaton.

All IBA Regions as London, except at the following times:

ANGLIA

10.25 am Friends Of My Friends. 10.50 Redgauntlet. 11.20 Words and *Music. 11.50 Cartoon Time.* 1.20 Anglia News. 4.15 The Bubblies. 4.20 Tarzan. 5.15 Bygones. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 *Thursday Feature Film: "Conflict of Wings."* 10.30 The Brian Connell Interviews: Moura Lympany. 11.30 The Prime of Miss Jean Brodie. 12.30 am The Living Word.

ATV

10.25 am The Butlin's Grand Masters Darts Championship 1980. 10.50 Chopper Squad. 11.40 The Undersea Adventures of *Captain Nemo.* 11.45 Here Come Mumfie. 1.20 pm ATV Newsdesk. 4.15 The ATV Thursday Picture Show. 6.00 ATV Today. 6.35 *Crossroads.* 7.00 *Medical Phone-In.* 7.30 Charlie's Angels. 10.30 Jack On The Box. 11.00 ATV Newsdesk. 11.05 The Prime of Miss Jean Brodie.

BORDER

10.25 am Sounds of Summer. 10.50 The Mighty Hunter. 11.15 Look Who's Talking (Little and Large). 11.40 Clue Club. 1.20 pm Border News. 4.15 Salvage One. 5.15 University Challenge. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Comedy Short. 7.30 *Hawaii Five-O.* *10.30 Jack On The Box.* 11.00 Soap. 11.30 Vegas. 12.25 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 4.18 Little House on the Prairie. 6.00 Channel News and Weather. 6.15 Cartoontime. 6.35 Crossroads. 7.00 Check It Out. 7.30 A Man Called Sloane. 10.28 Channel Late News. 10.36 Soap. 11.05 Summer Of '80. *11.30 Pro-Celebrity Darts. 12.00 Barney* Miller. 12.25 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 10.25 Sounds of Summer (Gallagher and Lyle) 10.50 Documentary (The Mighty Hunter). 11.15 Look Who's Talking (Little and *Large). 11.40 Cartoon Time. 1.20 pm* North News. 5.15 Struck By Lightning. 6.00 North News. 6.10 Anna and the King. 6.35 Crossroads. 7.00 Fiddle *and Box. 7.30 Charlie's Angels.* 10.30 Jack On The Box. 11.00 Reflections. 11.05 Soap. 11.35 North Headlines. 11.40 Sounds Gaelic.

GRANADA

10.25 am The Lost Islands. 10.50 Look at Life. 11.00 Sesame Street. 1.20 pm Granada Reports. 3.45 Stars On Ice. 4.15 Little House on the Prairie. 5.15 University Challenge. 6.00 Granada Reports News. 6.05 Time Off. 6.30 This Is Your Right. 6.35 Looks Familiar. 7.05 The Thursday Film: "The Magnificent Magical Magnet of Santa Mesa." 11.00 And The Bands Played On. 11.30 What The Papers Say. 11.45 Jack On The Box.

HTV

10.30 am Moynihan. 11.20 Clapperboard. 11.50 Cartoontime. 1.20 pm Report West Headlines. 3.45 Cabbages *and Kings. 4.15 Salvage—1.* 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Barney Miller. 7.00 "Tell Me My Name," starring Barbara Barrie. 10.28 HTV News. 10.35 Cinema Club.

HTV Cymru/Wales—As HTV West/ HTV General Service except: 12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 The Latchkey Children. 4.45 Sêr. 5.15-5.20 Cartoontime. 6.00 Y Dydd. 6.15-6.30 Report *Wales.*

SCOTTISH

10.25 am Sounds of Summer—Gallagher and Lyle. 10.50 Documentary—*The Mighty Hunter.* 11.15 Look Who's Talking—Little and Large. 11.45 Sally and Jake. 1.20 pm News and Road and Weather. 4.15 Popeye. 4.25 Salvage 1. 5.15 Crossroads. 6.00 Scotland Today, News and High Summer Extra. 6.30 World Worth Keeping. 7.00 Doctor Down Under. 7.30 Thingummyjig. 10.30 Soap. 11.00 Festival Cinema. 11.45 Big Break International. 12.35 am Late Call.

SOUTHERN

10.25 am "The First Men in the Moon," starring Lionel Jeffries. 1.20 pm Southern News. 4.15 Tarzan. 5.10 Mr. Magoo Cartoon. 5.20 Crossroads. *6.00 Day by Day. 6.30 University* Challenge. 7.00 "Carry On Up The Jungle," starring Frankie Howerd. 10.35 Music In Camera Special. 11.35 Jack On The Box. 12.05 am What The Papers Say.

TYNE TEES

9.20 am The Good Word followed by North East News. 10.25 Wonderwheels. 10.40 Morning Movie: "The Chiltern Hundreds," starring Cecil Parker and A. E. Matthews. 1.20 pm North East News and Lookaround. *4.15* The Dog Wonder Dynomutt. 4.45 Salvage One. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Miss Tyne Tees. *Television 1990. 8.00 The Cuckoo* Waltz. 10.30 Alright Now. 11.00 Check It Out. 11.30 Have Girls, Will Travel. 12.30 am Lessons on the Fells.

ULSTER

10.25 am Sounds of Summer (Gallagher and Lyle). 10.50 The Mighty Hunter. 11.15 Look Who's Talking. 11.45 Cartoon Time. 1.20 pm Lunchtime. 4.13 Ulster News Headlines. 4.15 Little House on the Prairie. 5.15 *Cartoon Time. 5.20 Crossroads. 6.00* Ulster News Headlines. 6.20 Police Six. 6.30 Out of Town. 7.00 Fantasy Island. 8.00 George and Mildred. 10.29 *Ulster Weather. 10.30 Let The Music* Take You. 11.00 Soap. 11.30 Jack On The Box. 12.00 Bedtime.

WESTWARD

10.25 am Sounds of Summer (Gallagher and Lyle). 10.50 Westward Report (The Mighty Hunter). 11.15 Look Who's Talking (Little and Large). 11.40 Larry the Lamb in Toytown. 1.20 pm Westward News Headlines. 4.15 Gus Honeybun's Birthdays. 4.18 *Little House on the Prairie* 6.00 *Westward Diary. 6.35 Crossroads.* 7.00 Encounter. 7.30 A Man Called Sloane. 10.32 Westward Late News. 10.36 Soap. 11.05 Summer of '80. 11.30 Pro-Celebrity Darts. 12.00 Barney Miller. 12.25 am Faith For Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

10.25 am Space Ghost and Dino Boy. 10.50 The Lost Islands. 11.10 Space 1999. 1.20 pm Calendar News. 4.15 *Wheelie and the Chopper Bunch.* 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 "Carry on up the Jungle," starring Frankie Howerd, Sidney James, Charles Hawtrey and Joan Sims. 10.30 Doctor Down Under. 11.00 Jack On The Box. 11.30 Kaz.

RADIO 1

(S) Stereophonic broadcast.
† Medium wave.

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Peter Powell with the Radio 1 Roadshow. 12.30 pm *Newsbeat.* 12.45 *Paul Burnett.* 2.00 Andy Peebles. 4.31 Richard Skinner. 7.02 25 Years of Rock. 8.00 Adrian Jay. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 John Dunn (S). 8.02 Country Club (S). 9.02 Alan Dell with the Big Band Sound (S). 9.55 Sports Desk. 10.02 Wit's End. 10.30 Star Sound Extra. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Verdi (S). 10.05 Baroque Music (S). 11.10 Francis George Scott and Kilpinen, song recital (S). 11.40 BBC Symphony Orchestra Concert, part 1. (S). 12.05 pm Interval Reading. 12.10 Concert, part 2. 1.00 News. 1.05 The Boulanger Connection (S) Nadia Boulanger (d.1979) illustrated talk by David Wilde. 2.05 Russian Piano Sonatas (S). 2.40 "The Bear" Extravaganza in one act by William Walton (S). 3.35 Youth Orchestras of the World (S). 4.55 News. 5.00 Mainly for Pleasure (S) († and mono only from 6.20). 7.00 Tippett Cantata (S). 7.30 As Radio 4. 9.35 Promise and Reality: The UN Evaluates Itself. 10.45 The English Ayre (S). 11.00 News. 11.05 Gluck (S).

VHF Only—6.00-7.00 am and 6.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, *8.00 Today's News,* 7.30, 8.30 News headlines, 7.45 Thought for the Day. 8.45 Blasting and Bombardiering. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 Enterprise. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Analysis. 11.50 Smith on *Survival.* 12.00 News. 12.02 pm You and Yours. 12.27 Quote...Unquote (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 *Shipping Forecast.* 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre (S). 4.15 A Small Country Living. 4.45 Short Story. 5.00 PM. News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Brain of Britain (S). 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Proms Concert, part 1: Debussy orch Ravel, Chopin (S). 8.20 Gwyn Thomas in conversation with Frank Delaney. 8.40 Proms part 2: Franck (S). 9.35 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Fond and Familiar (Music with Laurie Macmillan). 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Tony Blackburn Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

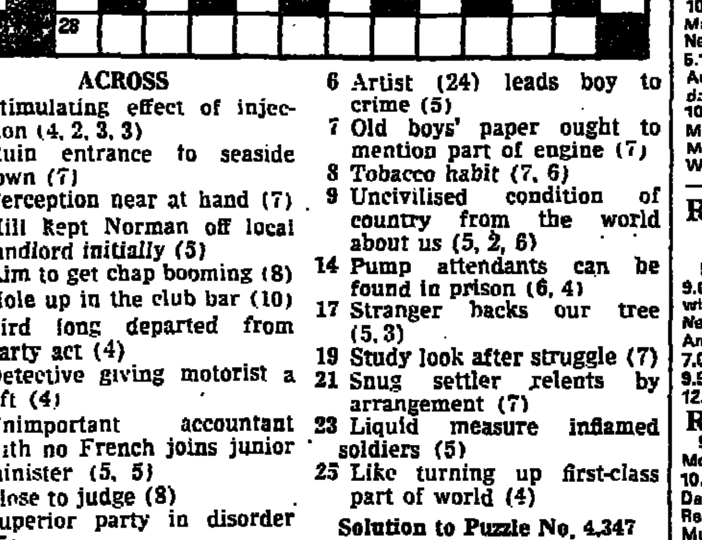
London Broadcasting

5.00 am AM—Douglass Moffitt and Alan King. 10.00 Brian Hayes—Presented by Vivian White. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Mike Dickin—Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra—Carol Allen. 4.00 London Interview. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 1.00 pm London Today (S). 1.10 Graham Dene (continued). 3.00 John Sachs (S). 7.00 London Tonight with Sarah Ward (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Richard Allinson a Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,348



ACROSS

1 Stimulating effect of injection (4, 2, 3, 3)
10 Ruin entrance to seaside town (7)
11 Perception near at hand (7)
12 Hill kept Norman off local landlord *initially* (5)
13 Aim to get chap booming (8)
15 Hole up in the club bar (10)
16 Bird long departed from party act (4)
18 Detective giving motorist a lift (4)
20 Unimportant accountant with no French joins junior minister (5, 5)
22 Close to judge (8)
24 Superior party in disorder (5)
26 Choose artist to appear in classical tragedy (7)
27 Sore lip disturbed wrecker (7)
28 Headgear for men in Hunts (12)

DOWN

2 Brother Marxist takes on spear (7)
3 Meal clergy find drier (3, 5)
4 Want to be born be[...] daughter (4)
5 Dressing for a more enc[...]ing parting (4, 6)
6 Artist (24) leads boy to crime (5)
7 Old boys' paper ought to mention part of engine (7)
8 Tobacco habit (7, 6)
9 Uncivilised condition of country from the world about us (5, 2, 6)
14 Pump attendants can be found in prison (6, 4)
17 Stranger backs our tree (5, 3)
19 Study look after struggle (7)
21 Snug settler relents by arrangement (7)
23 Liquid measure inflamed soldiers (5)
25 Like turning up first-class part of world (4)

Solution to Puzzle No. 4,347

هكذا من الأصل

ENTERTAINMENT GUIDE

THE ARTS

Record Review

BBC Symphony Orchestra

Chaikovsky The Sleeping Beauty. BC SO/Rozhdestvensky. 3 records in box, BBC 3001. Cassette ZCBBC 3001. Prices £13.95

BBC Symphony Orchestra—50th anniversary Historical recordings. BBC SO/Boult, Busch, Elgar, Toscanini, Walter. 4 records in box. BBC 4001. Cassette ZCBBC 4001. Prices £12.50

Delius The Magic Fountain. Pring, Mitchinson/BBC Singers/BBC Concert Orchestra/Del Mar. 3 records in box, BBC 2001. Price £9.95

Two of these albums commemorate in advance the founding of the BBC Symphony Orchestra under Adrian Boult 50 years ago. The date of the first concert, October 22, 1930 (Queen's Hall, London), is a landmark in the annals of orchestral music in this country. The third album, using another of the Corporation's orchestras, reflects a still unextinguished catholicity and enterprise of musical policy — the early Delius opera *The Magic Fountain* received its premiere in a 1977 invitation concert performance (subsequently broadcast) in which this recording originated. The early BBC days are recalled in a series of historical re-issues from the '30s with the main orchestra conducted by Boult (the first chief conductor), Busch, Elgar, Toscanini and Walter.

The choice for the present day of the complete *Sleeping Beauty* ballet of Chaikovsky may seem odd at first, but in fact is extremely astute. Everyone knows something of *The Sleeping Beauty*, thousands know the well-worn version performed by ballet companies in this country — but not the complete, uncut score given here. This masterpiece of the genre of full-length dramatic ballet needs a crack orchestra and a conductor soaked in the style, with a thorough feeling for the turned-out, fully developed movements of classical dance. Gennadi Rozhdestvensky, the BBC's present Chief Conductor, made his debut at the Bolshoi Theatre in Moscow with this ballet — not as it happens a Moscow work, but first produced at the Maryinsky Theatre in St. Petersburg in 1890.

The result is something of a revelation. Here for once are the fullness and brilliance only fitfully captured by British ballet orchestras, with ease and tension in perfect equipoise. The tempi sound right (in the opera house of course they would need adjusting to individual dancers) the colours sparkle, the crowning luxury is a brass section under firm control and thus doubly effective. Many details that normally slip by can be savoured (I had forgotten the piano in the concluding pas de deux and apotheosis). The solo playing, notably from the leader, Bela Dekany, is outstanding. We are graciously allowed the Entr'acte with violin solo written for Auer and placed after the Panorama but cut before the first night—out of place in the theatre, but worth having on record.

Yet details are not the principal concern. An abiding impression is the skill with which Chaikovsky composed over long spans. The Vision Scene (act 2), for example, whose muted autumnal colours contrast subtly with the previous scene of Aurora's accident with the spindle and her enforced sleep, then with the awakening and wedding festivities to come. How different are the subdued formal dances before the hunt from the glittering variations in the next act, how elegiac the cello solo. Only Aurora's own variation seems to contradict the mood, but even as a vision Chaikovsky paints her (until the moment of awakening to womanhood) as a high-spirited, heedless girl. In his building of large musical structures out of short units, he is the heir of Rameau and his opera-ballets.

The historical album suffers from the inevitable disadvantage that on old records orchestras date in a way singers don't. The power of a single strong musical personality is transferred to the conductor and even Toscanini, in his pre-war recordings at least, doesn't speak to us as clearly as much older testimonies of Melba or Caruso. It was daring of the BBC to choose two works for string orchestra (by Vaughan Williams and Bliss): the sound is moderate to scrawny, but Boult's mental and manual alertness, here as in the wider tonal palettes of the Berlioz *King Lear* Overture and the remarkable *Night Ride and Sunrise* of Sibelius, saying "listen to this," not "listen to me" is unmistakable. Elgar makes the most of every bar of his *Cockaigne* without sacrificing sense of direction and a breadth of phrasing that can be typically wayward.

The first two movements of Toscanini's Beethoven Pastoral (1937) seem to me to give off more light than heat, but the remainder of the symphony is extremely impressive in spite of a remarkable shortage of geniality. Walter's Brahms Fourth (1934) has a clarity and forward thrust that do not exclude that quality. This performance makes one realise the disadvantages of the present-day niggling over details compared to the old, longer takes—the sense of growing is more important than small imperfections. Of these reissues, the one that came up most freshly for me was Busch's Linz Symphony (the slow movement an object lesson in the control of a slow tempo), also 1934, made a matter of weeks before Busch confirmed the range of his Mozartian capacities at the first Glyndebourne Festival.

The Magic Fountain, still unstaged, is worth having in this vivid performance conducted by Norman Del Mar and issued in association with the Delius Trust. The score is an endearing hotch-potch of some of the disparate elements — inexpungable memories of Florida, Grieg, and recent exposure to Wagner. *Tristan* especially — out of which Delius created his personal idiom. The libretto, by the composer, concerns a shipwrecked Spanish coloniser rescued by an Indian princess. With murderous intent, she sets out to guide him to the legendary Fountain of Youth. Against her will they they fall in love. She warns him in vain that the fountain, finally tracked down in the heart of the tropical forest, is poisonous, and the end is a Liebestod for two.

The text is stilted—even the stage directions fall into operatese. Not for the first time one is faced with a problem—how could this sophisticated, intelligent man have remained theatrically so innocent? Though the score contains ravishingly fresh music, there are peculiarities: the ballet of water-nymphs before the lovers drink of the magic mountain and die, in dramatic conception if not in musical effect, is Meyerbeerian, more than a decade after *Parsifal*. The same may be essentially true of Wagner's Flower Maidens, but the old hand was better than Delius at covering his tracks.

The lovers, both excellent, are Katherine Pring (evidently a neglected recording artist) and John Mitchinson, making a study for his *WNO Tristan*. Richard Angas as a prosy jungle seer condemned to sing at King Mark tempo and Norman Welsby as an Indian chieftain (though he maltreats his vowels) are scarcely less good. How splendid if the BBC could publish more records of such occasions—but, please, without superimposed sound effects. A libretto is provided. Notes with each album are good, visual presentation not up to much.

RONALD CRICHTON

Hampstead Theatre

Writer's Cramp

by MICHAEL COVENEY

Year in, year out, the Edinburgh Festival fringe parades a ragbag of awful revivals, desperately callow new work and ghastly one-man shows. It all starts up again next week. The whole shebang is worth monitoring, however, because you occasionally hit upon something like *Writer's Cramp*. John Byrne, in 1977, was the most exciting Edinburgh discovery since Tom Stoppard. Word had travelled fast and the hall was packed. I remember bribing the usherette to let me squat under a canvas chair occupied by a friend of the mother of one of the actors. Critic's cramp. Since that joyous début, Mr. Byrne has written three splendid naturalistic comedies, but I have always retained a soft spot, and a bad back, for this wonderfully entertaining and free-form spoof revue.

Its tale is the tale of Francis Seneca McDade, a fictional man about Scottish letters whose career is itemised in a series of exquisite sketches held together, just about, in the form of an address delivered by an outrageously Muggeridgean commentator to the Nitshill Writing Circle. McDade staggers through prep school, Oxford, the Army, prison, digs in Canning Town and BBC arts programmes like some Celtic poseur dreamt up by Alan Bennett working in close conjunction with Flann O'Brien.

Leonard Burt

Bill Paterson and John Bett

I have said as much before, but am glad of the opportunity to celebrate anew the extraordinary teamwork of Bill Paterson, Alex Norton and John Bett. Under *Robin Lefevre's* direction, they spin a resonant network of friendships and associations dating from a Paisley college and stretching through the War to ignominious blackout for McDade after faint success in his art and resounding failure in his life. McDade reveals himself in his letters, and especially in their wheedling, mercenary postscripts which he pens in search of a few quid, whether the correspondent be old school pal, *step-brother*, *aunt*, or half-remembered chaplain. Bill Paterson plays, or rather is, McDade. The other two actors take all other parts, striking a particularly rich vein in the relationship of commentator and *reader from* the embarrassing collected works.

It is difficult to isolate moments that work best, but Alex Norton's disgustingly overweening jailer, swigging from a dung-infested bottle, is a brilliant piece of instant characterisation. On one level, with Mr. Norton reciting a verse in execrable Lallans, or Mr. Bett touching himself up with Morningside manners as McDade's unreliable mother, the show is a private affair for the Scots. But the sheer verve and bravura of performance carries it to the Hampstead audience with irrepressible gusto.

Bayreuth Festival

Lohengrin and Holländer

Bayreuth this year was all revivals—*Lohengrin*, produced by Götz Friedrich, new last festival season; the 1978 *Fliegende Holländer*; the 1975 *Parsifal*; and the fifth consecutive year of the Boulez-Chéreau *Ring* (which has recently been put on film and record).

Lohengrin I found a curious experience. It combined extreme sensitivity to the detail and conflict of character, with an unwillingness (or else an inability) to sustain the opera's larger dramatic line; unrelieved visual brutishness; notable vocal strengths and no less notable vocal weaknesses and a quantity of orchestral and choral splendour enlisted for a conception of the majestic score that failed to avoid all its pitfalls of tedium. The performance left a more positive impression than could have been anticipated (especially by someone who has learned to face Friedrich's Wagner productions with foreboding)—and yet its negative aspects announced themselves with unwinning clarity. Perhaps, in modern Bayreuth, in the Era of the Producer, this is the best that can be hoped for?

As in discussion of most Friedrich productions the staging tends to claim excessive comment, the musical performance will here be described first. Last year, the conductor was Edo de Waart; this year he gave way to the expatriate Russian, Woldemar Nelsson, formerly Kondrashin's assistant in Moscow and now director-elect at Cassel. He showed himself a musician of strong and distinctive gifts not ideally matched to the opera. From the covered pit the orchestral timbres shone up in unusually bright, sometimes glittering hue; chorus (in magnificent form) and soloists were accompanied with unremitting thrust and urgency. For its most satisfying exposition the music requires a more patient, longer-breathed approach—when the ceremonials and the processionals of the *second* act are kept moving forward too rigidly, even one who owns to an improbably large appetite for such things found his attention span somewhat shortened. Unintentionally, no doubt, the conductor highlighted the amount of square, common-time stuffing in each "public" scene.

Most accounts of the opera concern themselves principally with the relationship of hero and heroine. The outstanding feature of this production was the clarity, depth and detail with which Ortrud and Elsa were linked and set in focus. In all her appearances Friedrich placed Ortrud at the centre of interest, in a way that exposed the play of light and dark forces to a *fresh* and subtle emphasis. He could do so, because he had a very powerful, confident and ambitious player at his disposal. In her Bayreuth debut Elizabeth Connell made an immense impression (one German newspaper has claimed her as a Wolfgang Wagner "discovery"). The voice, though in middle and low registers not always ideally full-toned, rang out brilliantly on high—in "Entweihte Götter!" it took to the great theatre as though born to be heard there. Her utterance was precise, her acting a good deal more controlled than it often seems *in* London; she offered an original and persuasive view of the character — disturbingly maternal, even sexless, in her subjugation of Telramund; insinuatingly sisterly with Elsa; a presence not so much glamorously as chillingly evil, and always felt.

As actress, at least, the young American Karan Armstrong (Mrs Friedrich in private life) responded vigorously to such a challenge. Her Elsa was complicated and interesting as she can and should be, but often isn't: beautiful, sensuous, impulsive, and overwrought, a creature of warm instincts and hastily formed fears. There was realism, of a dramatically valuable kind, in her movements, a spontaneous mobility in her facial expression. But her soprano, basically bright and attractive, is by nature insufficient for Wagner; it lacks legato, amplitude, reserves of tone, and in the effort required to sustain the line often sounded dangerously hard-pressed. (Is this really the Lulu voice Covent Garden has in mind for its forthcoming production?)

This Elsa and the Lohengrin of Peter Hofmann looked wonderful together. Ernest Newman insisted that the player of his part be not "just a tenor; he must be a psychologist and a student of medieval poetry as well." Hofmann, on those counts, hardly filled the bill. His singing was secure, less dry than in other theatres, at times impressive in assertion; but it was singing in prose, obstinately untouched by the ardour of verbal nuance or romance of phrase that so youthfully handsome an impersonation of the role ought to command. Leif Roar's Telramund was credibly weak, though the degree to which this was communicated by plain, unresonant vocal quality did not wholly speak in the singer's favour. Hans Sotin as king and Bernd Weikl as herald were grand casting indeed—a touch of elegance entered the clarity and enthusiasm of the latter's pronouncements, to memorable effect.

As indicated, it was a production unusually perceptive on the network of relationships in the foreground of what can sometimes seem a cardboard drama. But the balance between foreground and background was not well maintained, for the Grand Opera side of *Lohengrin*—no less important, and, when successfully accommodated, no less enjoyable—received uncertain handling. The chorus movements were treated to bouts of "spotlit" naturalism—"cameo" reactions among Elsa's attendants, a tableau of sleeping soldiery at the daybreak start to the third scene of Act 2—of a kind that threatened unintentional comedy. Much play was made with the floral tributes to Elsa outside the Minster; they were offered, accepted, thrown down, re-gathered, re-offered, all with much busy ceremony. Of all the Friedrich Wagner productions I have seen this was the most attentive to the original stage directions, the most "old-fashioned." But it was hardly idiomatic.

And hardly authentic, given settings (designed by Gunther Uecker) of black, silver, and grey — hideously inapt to the opera, among the ugliest of my own operatic experience. A pattern of black squares pierced with silver studs formed the backdrop to most scenes. Square stadium seats; a facade with jutting-out balcony, proper to a 50s office block in New Brutalist style, from which Elsa sang her song to the breezes; a swan that was a swirling silver orb on the scrim, beneath which rolled two black plastic waves (this comprised the designer's nod to the presence of the Scheldt in the opera); thin metal rods enclosing a gigantic feathered couch in the bridal chamber scene—these were some of the visual appurtenances of an opera that opens, Wagner said (the programme reprinted his essay), "as if in the clearest blue aether." Costumes—black, white, grey and dark crimson in Act 1 for Ortrud—brought no relief.

Dislike of the way this *Lohengrin* looked may be a matter of personal taste. Disapproval of its effects on the music is surely less so: for a production so signally deprived of the colours and scenic contrasts painted into the score must also be a production that imposes a strait-jacket on the poetry of the sounds.

Two years ago Ronald Crichton reviewed in close and illuminating detail the latest Bayreuth version of *Der fliegende Holländer*, transformed by Friedrich's fellow East German, Harry Kupfer, into Senta's schizophrenic fantasy-nightmare and ending with her suicidal defenestration. It seemed to me a production in which an immense amount of technical ingenuity, visual complexity, and theatrical skill has been lavished on a not very interesting idea—a Bright Idea that better deserved to be dismissed after five minutes' hard thinking than undertaken in full East German seriousness. Far more than the *Lohengrin*, it is a once-only curiosity, and a staging that sorts peculiarly ill with Wagner's music. There must, however, be a word for the splendid singing, abetted by a splendid physical presence, of Simon Estes in the title role—much improved in German enunciation, according to report, and delivered in a strong, unforced bass-baritone of a warmth and smoothness in which there was no trace of Bayreuth Bark.

MAX LOPPERT

Elizabeth Connell (left) and Karan Armstrong

Riverside Studios

Acis and Galatea

Opera Factory Zurich, new to this country, gives at the Riverside this week five performances of *Acis and Galatea* (every evening except tonight. It is a young company with a loudly proclaimed experimental outlook: a woolly minded programme note by one of the company's founders, David Freeman (who also directs the staging and plays Polyphemus), in which the cliches of Getting Away From the Stranglehold of Artistic Convention are spelled out at length, made for an unpropitious introduction to performers and performance alike.

In the actuality of both one's worst fears were borne out; yet there was about Tuesday's performance a kind of ghastly fascination that should suggest the possibility of a visit to the operatically curious. Except for the presence of a capable small orchestra (12 strong, placed at the side of the acting area) to play the score as we know it, and except for the fact that the vocal music is delivered (more or less) in accord with the score, the show has very little to do with Handel, or Gay, or the 18th century Pastoral, or, quite often, the words as an English audience is likely to hear and understand them.

The troupe (four soloists, chorus of five) is dressed and staged as a tribe of skimpily clad primitives—a mating between Pan's People and a cageful of chimpanzees might produce such calisthenics on a leaf-strewn floor as these, such white-masked face-pullings, such bounds and leaps. Galatea is naked under her transparent blue robe. Polyphemus comes on as a drink-sodden *clochard*, finally to dispose of Acis with a blow of his bottle.

It is all very intense, very Modern in an ill-digested sub-Peter Brook manner (long shadows are cast by *The Ik*). "O the pleasures of the plain," indeed! What one sees frequently makes nonsense of what one hears: "Consider, fond shepherd," sung by Damon not to Acis but to Polyphemus, is only one example. And yet—risible, rash, and incompletely logical as it all seems to be—the experience is not a waste of time. Strange beams of light are cast on Handel, the power and beauty of whose music shine through newly against what should be overwhelming odds.

MAX LOPPERT

Gate/ICA

The Adding Machine/Baby

Expressionism in the theatre travelled quickly from Germany to America: how quickly can be judged by the fact that Elmer Rice's *The Adding Machine*, an early triumph of the Theatre Guild, was written in 1922, the same year as Toller's *The Machine Wreckers*. Watching Lou Stein's revival in the tiny Gate, at Notting Hill, is like participating in charades in your own front parlour. Cosy enough, but it scarcely constitutes a persuasive case for the tale of a store clerk who protests against the onset of new technology by killing his boss only to find, after being executed, that his slavish soul is to be recycled for further capitalist exploitation.

The innovations of this type of play have been so completely absorbed in our theatrical language that its interest for us is in the stuffed dummy class. Sawn-off dialogue, symbolic properties, human endeavour as fodder for the machine age: none of this comes across with any great element of surprise. Whereas Toller used the Luddite rebellion to fuel political passion and ambitious prose, Rice supplies a tepid mixture of wry sarcasm and situation comedy.

In its day, of course this was all very daring. There were also, judging by photographs of the original production (in which Edward G. Robinson played the hero's fellow murderer in the Elysian Fields), the stark and dominating designs of Lee Simonson. Mr. Stein copes best early on, when we see Zero's gushing wife holding forth on the movies and her husband's shortcomings in the course of a hilarious monologue (well delivered by Jenny Cryst); and Zero talking at cross purposes with a female admirer on high stools in the store. But the overall presentation proves cruelly inadequate in the later stages where, in physical terms, the adding machine cannot exert sufficient tyranny.

It is more fashionable, nowadays, to cast "the family" in the role of repressive tyrant, and a fair example of this glum orthodoxy is on view in the ICA lunchtime production of Julia Kearsley's *Baby*. Sandra, in her early teens, is holed up in a grotty bedroom with punk music and a disfigured doll. She has just started to menstruate and is not helped over the shock by an inquisitive stepmother and insensitive father. After Miss Kearsley's impressive début last year with *Wednesday*, in which she wrung comedy from the plight of a retarded adolescent, this piece is a disappointment.

MICHAEL COVENEY

Albert Hall

Die Zauberflöte

by DAVID MURRAY

The Glyndebourne Festival brought Mozart's *Zauberflöte* to the Proms on Tuesday, and even with David Hockney's visual contributions left behind in Sussex it made a beautiful performance. The severity of the challenge is not to be underestimated: no pantomime-machinery available, nothing to set the many successive scenes in contrast, wodges of spoken German dialogue to be got across to a huge, mostly German-less audience. And yet this was no mere concert run-through — Moran Caplat had devised ways of accommodating the bare bones of the action on one little platform, and the cast (fresh from John Cox's full-dress staging) fleshed it out with easy conviction.

What remained intact in any case was of course the contribution of the London Philharmonic under Bernard Haitink. Haitink's control of the score, with all its inexhaustible marvels, sounds deceptively light and natural: how much judicious delicacy has gone into that! Everything was transparent, nothing forced or obtrusively clever. The only doubtful tempo was a too-brisk tread for the devout chorus that ushers in the second act—perhaps Haitink feared lest attention should wander, with no sacerdotal pomp to reinforce the effect. He was everywhere a discreetly flexible accompanist, and one applauded his agreement with his Papageno, Benjamin Luxon, to ignore two of the conventional brake-points in the "Vogelfänger" song.

The unusual musical sophistication of Luxon's Papageno was balanced by the engaging directness of the character. Without any overt switch to a more elevated manner, he joined with Norma Burrowes' Pamina in a movingly lovely "Bei Männern". Miss Burrowes shone in sweetly fervent declamation—Pamina's principal aria was slightly foxed by a momentary uncertainty. Her Tamino, too — Ryland Davies—made more of his heroic moments; the vocal line of his portrait-aria had small sentimental bulges, and some patchy tone. The heavy beat in Rita Shane's voice was a distraction in her first aria, but in the spectatcular second and also in the final stealthy ambush she offered more dramatic power than many another Queen of the Night (and tolerable accuracy, if not impeccable). Willard White's Speaker had vital authority; Thomas Thomaschke's sound Sarastro was, like Meryl Drower's bright Papagena, a trifle under-voiced for the vast hall. Three good Ladies sang curious German, and there was an alert Monostatos from Francis Egerton, without crude tricks. Nothing will reconcile me to any Three Boys who are adult sopranos, charming though these ones were—the radical contrast of Ladies and Boys is on every level too important to lose.

Early Armenian book catalogue published

The British Library has just published the *Catalogue of Early Armenian Books 1512-1850*, a union catalogue in English of the library's early Armenian books and those of the Bodleian Library, Oxford. In conjunction with the publication of the catalogue, an exhibition of "Early Armenian Printing 1512-1800" has opened in the British Library's exhibition galleries in Great Russel Street, London WC1, and will run until December.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1979							
1st qtr.	110.4	102.5	98	100.7	134.0	1,351	234
2nd qtr.	114.8	107.0	107	106.2	144.8	1,299	256
3rd qtr.	112.6	103.1	99	99.5	144.6	1,269	247
4th qtr.	112.5	103.8	106	101.7	151.9	1,386	230
1980							
1st qtr.	110.3	100.7	98	103.2	157.8	1,379	193
Jan.	111.8	102.6	86	103.1	155.5	1,339	207
Feb.	110.3	101.1	97	103.9	158.5	1,383	191
March	108.9	98.4	108	102.6	159.4	1,414	181
April	107.2	98.4	99	102.3	161.0	1,458	169
May	106.9	97.0		100.6	160.2	1,484	163
June	108.2	98.2		101.6	162.4	1,535	147
July						1,606	126

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
1st qtr.	105.9	99.1	127.0	98.7	98.4	100.0	12.9
2nd qtr.	108.8	102.7	133.1	102.6	110.0	103.4	21.3
3rd qtr.	105.9	95.9	132.3	94.7	103.8	100.6	21.0
4th qtr.	105.0	101.0	129.5	98.9	102.6	96.0	18.1
1980							
1st qtr.	105.2	101.7	124.0	99.3	60.3	91.9	12.3
Jan.	107.0	103.0	126.0	102.0	62.0	95.0	13.2
Feb.	106.0	104.0	123.0	101.0	55.0	92.0	11.4
March	103.0	99.0	124.0	95.0	64.0	89.0	12.2
April	102.0	98.0	121.0	95.0	82.0	88.0	15.0
May	100.0	96.0	123.0	93.0	94.0	85.0	17.0
June	102.0	96.0	125.0	94.0	97.0	87.0	16.6

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
1st qtr.	109.0	116.9	−1,588	−1,215	−235	107.0	16.78
2nd qtr.	135.3	128.9	−486	−357	−229	160.4	21.69
3rd qtr.	129.8	128.1	−493	− 83	−158	106.8	23.18
4th qtr.	129.3	128.9	−745	−711	−157	103.7	22.54
1980							
1st qtr.	131.3	126.5	−723	−417	−126	100.7	24.87
Jan.	129.8	128.0	−315	−213	− 76	100.9	23.71
Feb.	136.5	128.9	−232	−130	− 45	100.6	23.93
March	127.7	122.7	−176	− 74	− 5	100.6	26.96
April	127.2	127.6	−264	−214	+ 44	101.8	28.01
May	130.2	121.4	− 18	+ 32	− 10	102.0	28.28
June	130.3	125.3	− 17	+ 33	− 15	103.4	28.17
July							28.27

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
1st qtr.	7.2	8.4	32.6	+1,296	777	1,581	13
2nd qtr.	5.2	15.6	28.5	+2,628	777	1,867	14
3rd qtr.	12.0	11.2	13.2	+3,642	933	1,879	14
4th qtr.	14.4	15.6	22.6	+2,977	839	1,954	14
1980							
1st qtr.	−4.0	7.2	21.9	+1,673	634	1,974	17
2nd qtr.					697	1,972	17
Jan.	−6.9	8.1	22.6	+ 737	235	668	17
Feb.	−6.7	6.1	20.7	+ 271	199	665	17
March	−2.3	7.5	25.4	+ 711	200	641	17
April	−4.0	4.8	18.8	+ 695	266	675	17
May	4.0	11.4	21.9	+1,144	225	621	17
June	−4.0	+12.0	28.0	+1,352	206	676	17
July					340		16

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.88	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.55	67.4
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	68.8
1980							
1st qtr.	167.7	197.6	191.5	248.8	247.5	284.47	72.4
Jan.	163.0	193.5	188.5	245.3	244.8	308.69	71.4
Feb.	167.3	197.6	191.5	248.8	246.7	304.27	73.2
March	172.8	200.4	194.3	252.2	251.1	284.47	72.6
April	175.0	202.3	197.0	260.8	254.1	275.67	72.6
May	177.9	200.4	199.1	263.2	255.7	268.23	74.3
June		201.1	201.2	265.3	257.9	267.45	74.4
July		201.9	203.1			273.57	74.7

* Not seasonally adjusted.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Thursday August 14 1980

'New' strategy in America

THERE IS an irresolvable conundrum at the heart of Western nuclear deterrent strategy. A deterrent will only deter if it is clear to potential adversaries that in some circumstances it will be used. But as soon as it is used it ceases to be a deterrent. The eventuality that it was intended to prevent — nuclear war — will, by definition, already have begun. Depending on one's viewpoint, one can perfectly logically argue that the modernising of nuclear weapons, and the updating of the strategies governing their possible use, make nuclear war either more likely or less likely.

Britain, in deciding to buy the American Trident to replace Polaris, has clearly concluded that an attack can best be held off by the possession of up-to-date weapons combined with explicit readiness to use them *in extremis*. That this is also official thinking in Washington has been confirmed over the past few days by the leaking of the Administration's latest thinking on nuclear strategy to the American Press. Under what is now known as "countervailing strategy," President Carter has directed that the targeting of the U.S. strategic missile force should in future be adapted to give greater priority to military over civilian targets in the Soviet Union.

Fumbled diplomacy

The timing of the leak is intriguing. President Carter is obviously concerned to counter Republican charges that he is soft on the Soviet Union, but he would have preferred to announce the new strategy after the Democratic Convention currently taking place in New York. Mr. Edmund Muskie, the Secretary of State, has been discomfited by his ignorance of the move and the State Department has been caught on the hop

But the "new" strategy is not a sudden reversal of American policy. Its formulation has been a long time in the making and its main thrust has been clearly signalled to America's allies, and the world in general, in recent months and years. Even when American policy dictated that Russian cities should be the prime targets, under the "mutual assured destruction" theory, there were also plenty of military targets in the bomb-sights.

There are two main reasons for the change in emphasis. The first is that the Soviet Union is rapidly approaching the point at which it can destroy the vast bulk of the U.S. land-based intercontinental ballistic missile force on the ground in a pre-emptive strike. The U.S. does not want to be left with the only possible response of retaliating against Soviet cities—inviting the destruction of its own—or surrendering. The second is that the increasing accuracy of new missiles such as the Trident and the MX make selective strikes against military targets a more credible option.

There are arguments against the countervailing strategy. It could be held that the threat to Soviet cities is already massive enough to deter a Soviet strike, that the selection of military targets could give the impression that a limited nuclear war could be fought without excessive danger to civilian life and that a nuclear exchange therefore becomes more likely. In other words a nuclear war could conceivably be won without destroying the entire planet in the process. Moscow has already somewhat hysterically accused the U.S. of seeking a first strike capability, forgetting to mention that this is just what it has for many years been aiming at itself.

Washington is not, however, changing its traditional policy of absorbing a Soviet first strike and then deciding on how to respond. The point of the new targeting is to give it an extra option in such an eventuality. If, under an admittedly unlikely hypothesis, the Soviet Union were to launch a limited first strike agains the American land-based missile force, the U.S. would be able to respond against Soviet forces without necessarily taking out Moscow, Leningrad and Minsk. The idea is to match a Soviet capability with an American one so as to prevent the opening up of a gap between the two sides which Moscow could conceivably, under some kind of scenario, exploit.

Balance

The aim is to deter nuclear war, by maintaining a balance of options and capabilities, not to provoke it. Strategic thinkers like economists, will never agree on the best technical means of achieving agreed overall objectives. But so long as the West remains under a massive nuclear threat from the East, it must constantly review its strategies to keep pace with the advance of technology on both sides.

BL may need more help

THE COLLAPSE of the British car market, with total sales now about one-third below last year's level and import penetration from Japan rising, is going to force the Government into some difficult decisions. Short-time working is spreading throughout the car industry, with Talbot plants now working only two days weekly, BL closing plants for extended periods and Ford and Vauxhall each laying off about 5,000 workers. Temporary layoffs and short time in the assembly plants will produce permanent closures and redundancies in smaller component manufacturers.

Dilemma

In the coming weeks, however, Ministers will be confronted with a more immediate dilemma created by the parlous state of the car market. How should the Government respond to falling demand in its capacity as BL's owner and banker? Barring miracles, there is now little prospect of BL being able to carry on with its recovery plan without coming to the Government for more money. And the choice of abandoning the Edwardes plan in the face of falling sales, or of finding substantial new funds in order to keep investment somewhere near target, may have to be made before the end of the summer.

Since about £1bn of public money has already been invested in BL by successive administrations, the Government will naturally be sensitive to the charge of throwing good money after bad if it decides to provide further assistance. But to ensure that the taxpayer's already vast investment in BL is, as far as possible, protected, the Government will have to avoid such over-simplifications in reaching its decision.

Leyland's present troubles can be attributed to at least three broad causes: recession, low productivity and poor design. In assessing BL's need for further public investment the Government must seek to distinguish, as far as possible, between the effects of these various pressures on BL's performance. The key to the decision must be a judgment about BL's ability to solve the longer term difficulties of productivity, engineering and marketing. If the prospects seem satisfactory on these criteria, then the Government would be justified in tiding the company over a short-term crisis due to the slump in demand.

The experience of the past eighteen months suggests that BL is at last getting to grips with its fundamental deficiencies. Working practices are improving, management has reasserted its right to organise production and the productivity benefits of the long and slow programme of investment and re-equipment are at last beginning to emerge. A new range of models is just beginning to find its way into the showrooms and first impressions suggest that in terms of engineering and reliability, the new models should be a match for much of the competition.

Efforts to improve the reliability of existing models has begun to produce results which are slowly permeating into the public's image of Leyland cars. There is still a long way to go before BL even begins to re-establish its reputation among consumers, but the trends seem to be pointing in the right direction:

If the Government believes that Sir Michael Edwardes' management is indeed laying the foundations for a viable car manufacturing operation and if it regards the present recession as a cyclical phenomenon; rather than the beginning of a permanent decline in Britain's productive potential, then it should provide BL with the working capital it needs to carry on with the recovery plan, provided that this money is not simply used to finance excessive labour costs.

Long term

In helping Leyland, through a slump, the Government would be doing no more than the multinational parents of Ford, Vauxhall and Talbot, which will decide on whether to assist their British subsidiaries on the basis of their long-term prospects, not just of their current cash positions. There is no reason why Leyland should be prevented from taking a longer view just because it is owned by the taxpayer.

The mixed bag for a big oil lottery

BY RAY DAFTER, Energy Editor

OIL exploration has always been characterised as a gamble but the latest round of UK offshore licensing is looking more like a lottery than usual.

All types of companies—not just the oil groups—lined up on Monday to buy their tickets. Banks, food manufacturers, hotel chains, fishermen, clothiers, engineering groups and, less surprisingly, financial institutions, were among the 204 hopeful companies and consortia that submitted a record 125 applications for 95 blocks.

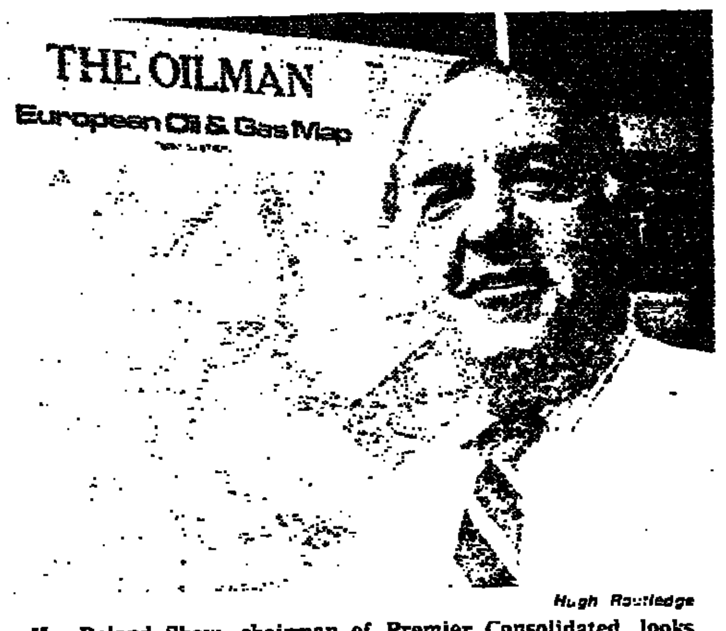
The tickets were not cheap. Each application had to be accompanied by £1,500, and this is only the start. Those groups awarded one of the 90 or so blocks that are to be allocated can expect to pay an initial £62,500 licence rental. If they decide to hold on to the licence for longer than six years they will find this rental rising annually to a maximum rate of over £1m a year for a 250 sq km block.

But this would still be chickenfeed compared with some of the other initial costs. Cannily the Government has this year introduced side stakes which should boost Treasury revenue.

Alongside the new licences designated in the normal way by the Energy Department is another batch chosen by the bidding companies themselves. It is reasoned that companies would only apply for these self-nominated blocks if they had a reasonable expectation of drilling success. So the Government has asked for a £5m-per-block bonus payment for all the specially selected licences that are awarded.

Given that the Energy Department wants to allocate about 90 blocks overall and that only 55 blocks in the Government-specified areas were applied for, it seems likely that at least 35 self-selected licences will have to be awarded. That move should raise a useful £175m.

But it is only when companies are awarded licences that the real risks and big money outlays become apparent. Each exploration well can cost over £5m — much more in many cases — and there is no way of knowing how many would have to be drilled in any one licence area.



Hugh Routledge

Mr. Roland Shaw, chairman of Premier Consolidated, looks wryly at some of the non-oil applicants.

Take the case of Marathon's North Sea block 16/7 which contains the puzzling, but potentially very important Brae Field. Marathon and its partners are now drilling their 15th well in the block to try to find out more about the geological structures. And they still have not yet produced a drop of commercial oil.

Marathon is fortunate. It has found a field which should be on stream in 1983. But the statistics show that it is becoming harder to make oil discoveries. According to the UK Offshore Operators Association, one well in 17 has discovered oil in commercial quantities in the past 13 years, slightly better than the world-wide average for offshore exploration of about one in 20. However, in the past five years the UK average has fallen to only one well in 51.

Furthermore, the size of discoveries has been getting smaller. The most successful year for exploration was undoubtedly 1975 when 3.2bn barrels of oil was discovered. That was enough oil to meet all of Britain's oil needs for over five years at current consumption levels. Last year only 250m barrels were found—enough to last for only five months.

Mr. Roland Shaw, the burly chairman of Premier Consolidated, a UK-based independent oil group, looked at some of the names of non-oil companies competing with him for new licences and commented wryly: "I doubt whether they are used to the disappointments we face in this sector. They only read of the successes." He knows all about disappointments. So far Premier has drilled six wells on the UK Continental Shelf. All were unsuccessful. Five were dry and one produced a "less than modest" flow of oil.

Even so, he concedes he is not unduly worried about the big groups bidding to enter the North Sea oil business: companies like Trust Houses Forte, Tube Investments, Associated British Foods, Grand Metropolitan, Sears Holdings and the Financial Times's own parent, S. Pearson and Son. They have enough financial muscle to withstand the knocks, he said.

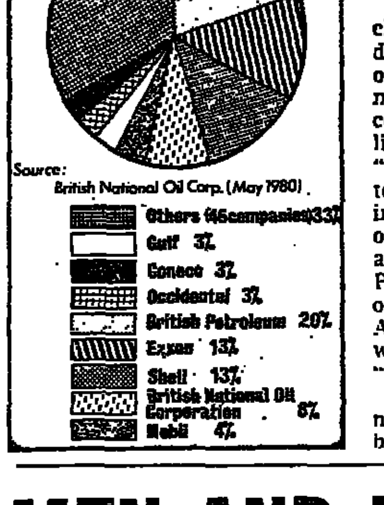
Mr. Shaw, until recently chairman of the Association of British Independent Oil Exploration Companies (BRINDEX), said he was more concerned about the fate of some of the small oil companies that have sprung up in recent months. "I can see some of these companies getting hurt and this could reflect badly on other more established independents." (There is a more colourful expression of this concern in the oil industry—"when the whorehouse burns down the pretty ones have to run for their lives alongside the ugly ones.")

All types of companies lined up on Monday to buy their tickets

It is perhaps inevitable that companies like Premier are wary about new entrants and fresh competition. As Mr. Algy Cluff, chairman of another established independent, Cluff Oil, commented recently: "We are rather like the film industry in a sense. The public is naturally suspicious of a company which does not have a proven track record."

In evaluating licence applications, Energy Department officials will be taking into consideration such factors as track record, financial standing, and exploration commitment. They will also be mindful that Mr. David Howell, the Energy Secretary, has said he wants to see UK independents more deeply involved in offshore activity. At present the BRINDEX membership owns only 3 per cent of the oil reserves and just 1 per cent of proven gas.

Present Ownership of UK Commercial Oil Reserves
Fields in production or under development



Source: British National Oil Corp. (May 1980)

The Government's stance bodes well for UK independents, such as Burmah, Tricentrol, London and Scottish Marine, Premier, Cluff and Carless Capel which were present in earlier rounds. It also holds a promise for the new entrants—among them Saxon, Petrolex, Jubilee, Venture Oil, Pentland, Dawsea, Berkeley and Offshore Ventures Exploration—many of which have been formed with considerable institutional backing.

But there are still not enough British independents to meet one of the criteria laid down for the seventh round of licences by Mr Howell. He has said he wants to see UK companies winning a substantial proportion of the new acreage. His words have been interpreted by many in the offshore industry as meaning that groups applying for licences should have at least a 50 per cent UK interest.

Under Mr Anthony Wedgwood Benn, the former Energy Secretary, this percentage was guaranteed in the last round because British National Oil Corporation was given an automatic 51 per cent stake in all blocks. Mr Howell prefers to see the Corporation operating with no special privileges. Even so, it is thought that BNOC has joined about 10 different bidding consortia.

A recent analysis by BNOC shows that 60 per cent of the reserves in proven oil fields belong to overseas companies, nearly 50 per cent of the crude being licensed to U.S. groups including Exxon, Mobil, Occidental and Gulf. Most of the remaining proven oil is in UK hands. British Petroleum owns the biggest share—around one fifth of the total—although the Shell/Exxon partnership can boast a higher success rate; between them they own 26 per cent of the oil. As a result of a series of acquisitions over the past four and a half years, BNOC has built up its stake to around 8 per cent of the total.

It is difficult to imagine that these major undertakings, and the other operators of commercial fields, will not be given a big slice of the seventh round action. They have the experience, the technical know-how, the oil revenue, and tax credits to push along the pace of exploration and development.

It will be these larger companies, more than any other group, that will have to shoulder the responsibility of helping Britain to remain self-sufficient in oil throughout the 1990s—a goal set by Mr. Howell. The UK Offshore Operators Association (UKOOA) maintains that to achieve the necessary drilling success, the industry will have to sink an average of 65 to 90 exploration wells each year. This compares with a peak effort of 79 "wildcat" wells in 1975 and a level last year of only 33.

In general the large companies are reasonably happy about the seventh round licence conditions, although they are still bemoaning the fact that BNOC—rather than the Government—carries the right to buy up to 51 per cent of all the new oil produced. They are happy that the number of blocks to be licensed has been raised to 90 from the originally-planned 70. And they are pleased that the Government accepted UKOOA's idea of self-nominated blocks.

But sotto voce the majors admit that they are concerned about the large number of companies, many of them new to the oil game, that will be involved in individual licences. It is always more difficult to obtain a speedy decision on exploration or development projects when a long list of partners is involved, they say.

On the other hand the new contenders will inject a breath of fresh air into the offshore oil business. A case in point is the Fishermen's Petroleum Company, whose founder Mr. David Reid is chairman of the Orkney Fishermen's Association. He trades in trawlers, fishes and farms and, quite frankly, describes himself as "a pure gambler."

The Fishermen's Petroleum Company has been formed by fishermen to bid alongside the U.S. group, Kerr-McGee, for licences in the Moray Firth. "We can bring to the industry our special knowledge of the North Sea," his voice crackled over a ship's radio from a survey vessel in the Firth of Forth yesterday. "We can advise on routes for pipelines"—coincidentally he was surveying a pipeline route at the time—"and we can advise on handling pipes and undersea equipment."

From a very different footing, Mr. John Clement, chairman and chief executive of Unigate, the dairy foods group, expressed a similar sentiment. "We feel that judicious investment in British oil exploration is a sensible diversification in the interest of our total business." Unigate, whose interests also span the engineering and garage sectors, has joined with Associated British Foods to bid alongside Texaco, one of the world's major oil groups. ABS has described the venture as "potentially very exciting."

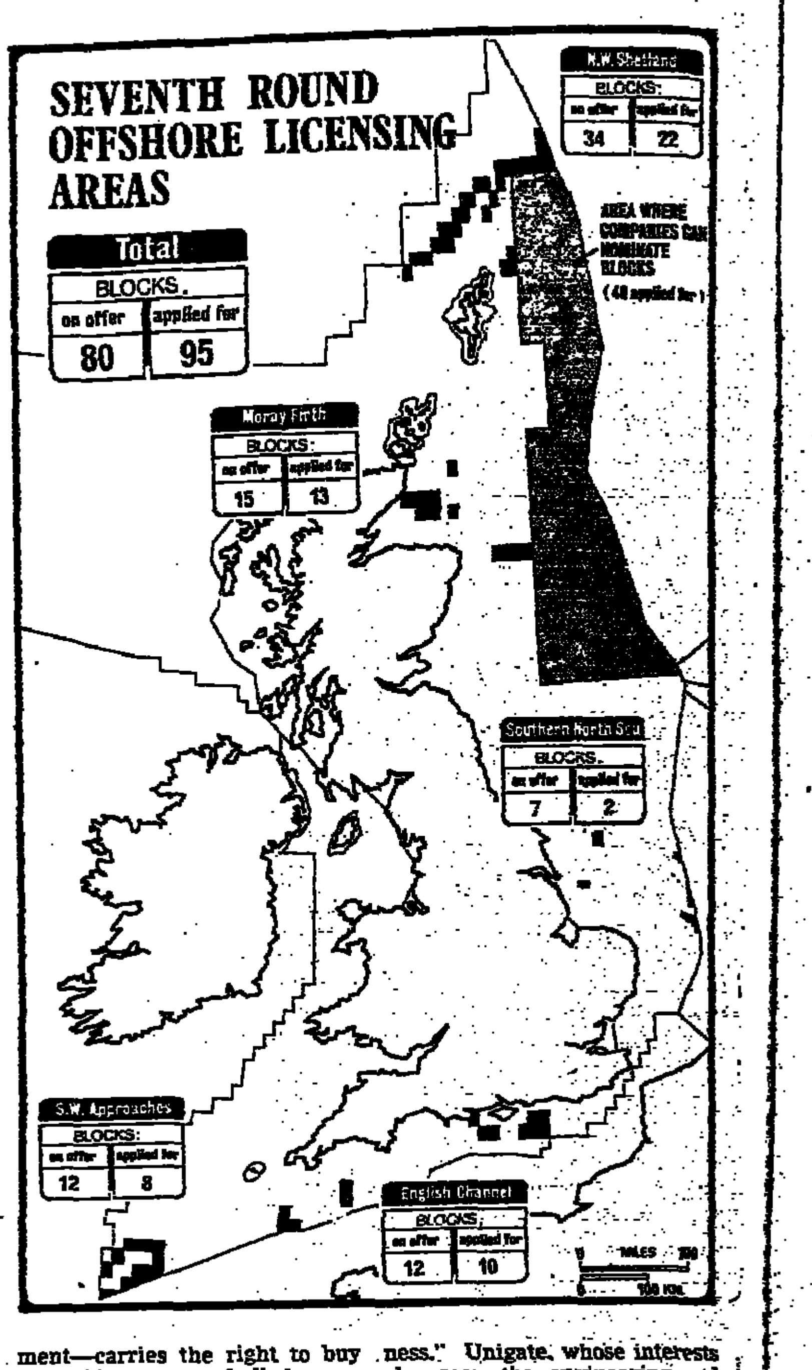
Another, perhaps surprising, North Sea contender is Foster Brothers, the Midlands clothing company. It is dipping its toe in cautiously, as one of the 17 shareholders in Venture Oil Company formed earlier this year.

In sharp contrast the men from the Prudential are hoping to make a splash. The insurance group has joined no fewer than a dozen different consortia to bid for licences all around British shores. The Pru has about 12 per cent of its main fund portfolio in oil, most of this in the major oil groups. According to Mr. Peter Moody, the joint chief investment manager, the group felt that it had an obligation to its customers to be involved in the "development of important natural resources."

The Prudential is not new to the North Sea. It has also tasted success. It was part of London and Marine Oil, which shared in the BP/Chevron Ninian Field discovery.

With this in mind, Mr. Moody explained the reasoning behind the multiple applications: "Our aim is to try to get enough interests in different blocks so that we have a very good chance of making a discovery. In this way we hope to make our applications more than a pure gamble."

Now the die has been cast, companies must wait until the end of the year when—assuming the vetting process goes reasonably smoothly — the licences should be awarded. Then the successful applicants will begin betting with the really large stakes.



MEN AND MATTERS

Turning on the cold tap

An unfortunate record may have been set yesterday by the Newcastle and Gateshead Water Company, whose preference stock issue attracted buyers for only 0.06 per cent of the £5.75m worth on offer.

A company official apparently rang London to see if this was yet another example of "the City getting at the stocks." But brokers to the issue, Seymour, Pierce, specialists in the esoteric form of finance known as "waterworks issues," were unabashed by the flop. They pointed out that an issue from Bristol Waterworks late last year met with a comparable response, and that the underwriters, mostly insurance companies, were not too concerned.

The Gateshead underwriters were left holding the baby thrown out by the waterworks because the preference issue is a fixed-interest stock, and has to compete against similar investment instruments like gilts. While the offer was underway, bad money supply figures upset the gilt market, bringing prices down and leaving the Gateshead issue looking dear.

The identity of those who actually bought the 0.06 per cent (a modest £3,450) is cloaked in mystery. Seymour says it could not have been an institutional buyer for such a small amount. Since the offer document was circulated to all shareholders, it speculated that two old ladies in the Newcastle area may have bought the stock unawares.

"To be driven by the howls of protest at rising prices, no doubt!"

Money programme

That George Howard, the BBC's kaftan-loving chairman, should find himself happily caught up in tales of big spending at Granada Television is piquant. Granada, not best known for lavish budgets, is making a drama series based on Brideshead Revisited, and is using the Howard home, Castle Howard, on location.

Howard, colourful though he may be, is quietly discreet when it comes to money, saying only that he will make more out of Granada this year than the £17,316 the BBC will pay him as chairman.

It would have to be several times more before it made a sizeable dent in the £3m Granada is now rumoured to be spending on Brideshead. Last autumn's TV strike and actor unavailability have combined to boost the cost, although Granada is determined to do its sums in private. "Talk of £7m is wildly wrong," says Granada. And £3m? "That's wrong, too"—but clearly getting warmer.

The one to top at present is London Weekend, where the third of a once-planned six-film series from the Pennies From Heaven stable came in at £400,000, against original guestimates of £150,000. At this, LW's programme director, Michael Grade, blanched and pulled the plug.

At 78 minutes, the final Pennies play thus cost around £5,000 a minute. Granada's Brideshead could be in six or seven one-hour parts (less advertising time), so that the spender-of-the-year award is clearly inching towards Manchester.

Par for the course for production costs is approximately £1,500 a minute, although my Granada mole reckons that some free-spending rivals are prepared to countenance £3,500 a minute for prestige projects—"prestige" being the buzz word in franchise renewal year.

New angle

If you ask for a Gestetner in Zaire these days, you may be surprised to be handed a fish. *Barbus gesteneri*, to be precise, a hitherto undiscovered species of carp turned up by the British Museum's Keith Bannister on a trip up the Zaire River. The copier company gave Bannister a rubber inflatable boat for the journey. And he has given it piscatorial immortality.

Wind of change

A new piper calls the tune at Boosey and Hawkes, in the shape of former chi-chi scent supremo Michael Boxford, who as newly appointed chief executive will strive to restore the music maker's flagging fortunes.

Boxford has spent the past 16 years with U.S. multi-national E. R. Squibb, whose less-than-euphonious name cloaks the marketing of brands such as Lanvin, Charles of the Ritz and Yves St. Laurent. But while it may seem a long journey from fragrances to french horns, the headhunters who researched Boxford's background may have caught scent of his record as a distinguished pianist. His wife, moreover, is a semi-professional clarinettist.

Boxford studied music in Toronto after graduating from Cambridge, where he played under the distinguished David Wilcocks. His executive lifestyle since then has left room for recitals at the Wigmore Hall and on Nigerian television.

Is he worried that the musician in him might allow sentiment to triumph over the realities of business? "Companies cannot be run by accountants and numbers men," is his reply. "You must have passion, you must feel for the product."

Glittering prize

I searched high and low yesterday for a recipe for *agneau farci en Scotch*, but to no avail. A pity, for I was hoping to pass it on to the Droitwich kitchen of Agriculture Secretary Peter Walker, named yesterday as the Cutty Sark Scotch Whisky Personality of the Month, a glittering prize given "to the person who has made the most significant contribution to the grocery trade."

Cutty Sark (UK Scotch Whisky) knows a thing or two about promotion. Not so long ago it was offering £1m for the person or persons who produced the first real-life evidence of Nessie, the Loch Ness Monster, though the offer eventually lapsed.

Mr. Walker was judged July's star contributor to the grocery trade for his encouragement to farmers to increase efficiency, while at the same time stimulating the grocery chains to promote "British Weeks." Other winners this year have included Donald Harris, financial director at Tesco, Brian Chapman, of Copak Vendona, and Baroness Phillips, the small shopkeepers' friend.

But is Cutty Sark Personality of the Month an appropriate garland for a Minister of the Crown? The phone in Droitwich was answered on the second ring. "It's to do with helping agriculture," said Mr. Walker kindly. "The prize is only one bottle of whisky, and that has gone to charity."

Observer

ECONOMIC VIEWPOINT

The money shambles and the case for reform

ɴCE, when Sir Winston ɪurchill was urged not to kick man when he was down, he reported to have answered: ·can't think of a better time to ɪk him." This is clearly a time ; a general display of the urchillian spirit. The money pply figures to be published ɪer today will confirm that icial policy has become a comɪte shambles, concealed until w only by the ingenious ceptions practised by the ɪks in an effort to avoid the nalties imposed under the ɪset. The policy has done ive damage to the economy, ; failed to achieve its stated jectives. It is time for its ɪics to jump on the authoriɪ with both feet.

ɪhe indictment is simple ɪugh, in all conscience. Official ɪicy might have been designed secure the destruction of nufacturing industry. It first ɪieved the illusion of netary control by pushing the ɪnomy into a huge balance of ɪments deficit, which drained ney out of the hands of UK ɪositors because of the t adverse swing in non-oil ɪe.

ɪow that the economy is so ɪressed that our appetite for ɪorts is temporarily sated, are stuck in a regime of tructive interest rates which continuing the bad work ɪugh the direct burden on ɪorate cash flow and the inɪct effect of an ever more ɪrd over-valuation of ling. In the process, taxɪrs have been burdened with ɪecessary long-term debt serɪ. Yet in the midst of depresɪ, these policies are actually ɪing the money supply, as it officially defined. Add in osterling, as David Marsh ɪs today, and you don't ɪ whether to laugh or cry. ɪis no doubt looks like an ɪtment of monetarism. It not. It is simply an ɪtment of *incompetent* monetarism, which combines the wrong methods with the wrong indicators. Monetary policy has made a powerful contribution to economic management in other countries—normally stable countries, such as Germany, Switzerland and Austria, and also in countries where management had gone badly adrift, notably the U.S.

The U.S. authorities, in their first fumbling experiment with serious credit control, have managed to arrest a speculative land boom and secure a sharp shake-out in the economy. They have also transformed the balance of payments and are now discussing the possibilities of recovery. All this has been done while we dithered our way to a one-point cut, now widely regarded as mistaken, in minimum lending rate.

So much for the insults. What follows is inevitably a little bit technical, because

We are pursuing a silly objective by silly means

monetary policy, except to those who adopt it simply as a religion, consists entirely of technicalities. The fact is very obvious to anyone who can listen in to any part of the exchange of discourtesies between Whitehall and Threadneedle Street whenever something goes badly wrong, as it has now. The talk is all about the technicalities. Those in the Bank are eloquent about the folly of basing the whole of policy on one, often misleading, measure of the money supply. Treasury Ministers and officials no longer bother to conceal their impatience with the tactics the Bank has used in an effort to control that statistic.

Both these schools of criticism are right: we are pursuing a silly objective by silly means. Just as telling, and much more explicit, are some of the points now being made by the technicians themselves. I would here draw attention to three documents—all, it happens, written by economists who were until recently working for the Bank of England, or still are.

Mr. Richard Coghlan, an American, put in a fascinating paper to the House of Commons Treasury Committee (House of Commons Paper 713-II) demonstrating that the money supply is the wrong thing to control. Domestic Credit Expansion (DCE), which among other things is not distorted by the balance of payments or swings in bank profits, is a much more reliable forward indicator, especially in the U.S. This is rather an academic point in the UK at the moment—DCE is itself wildly distorted since exchange control ended—but this is valuable for the long term.

In the second paper—rather more easily available in the July Lloyd's Bank Review—Mr. Mervyn Lewis, an Australian, *shows at length why even if it* were a good idea to base policy on sterling M3, the official measure, present *methods* cannot work. The authorities hope to control it through interest rates; but Mr. Lewis shows that a rise in interest rates actually tends to inflate this measure. This will hardly surprise his former colleagues in Threadneedle Street; it was to conceal this awkward fact (then seen, probably wrongly, as a short-run perversity) that they invented the corset in 1973. All that is happening today is that the horrid truth is being revealed again.

Mr. Lewis, who thinks they order these things better in Australia, wants to bring in monetary base control (a case he had to argue against, in his official role, not long ago).

Finally, a document from the inside. In a discussion paper issued almost unnoticed last month, Mr. A. R. Threadgold—the man who helped to argue recently that there is no public sector borrowing if you apply *inflation accounting—together* with Mr. B. J. Moore, goes half-way to proving that monetary control is impossible.

Most *monetary growth* is caused by bank lending, and most bank lending is to industrial companies; but their borrowing, as he shows, is determined almost entirely by the rise in costs which they face, and hardly influenced at all by interest rates. In a preface, he shows that under the overdraft system, the authorities cannot control this lending directly, and would only cause chaos if they tried to control it indirectly through refusing to supply reserves for the banking system.

Now these four gentlemen together could hardly pose the technical dilemma better. We are controlling the wrong measure, says Mr. Coghlan (making a case I have made in the past far better than I could). In any case, adds Mr. Lewis, our present methods of controlling what we are trying to control don't work. But, say Messrs Moore and Threadgold, no other methods would work either—or at any rate, no other methods are possible as long as we stick to the *overdraft system*. We can only soldier on, trying to offset what we can't control, is their clear implication. Gilts funding must go on.

The conclusion of all this is clear; if we are not to soldier on in the same disastrous way,

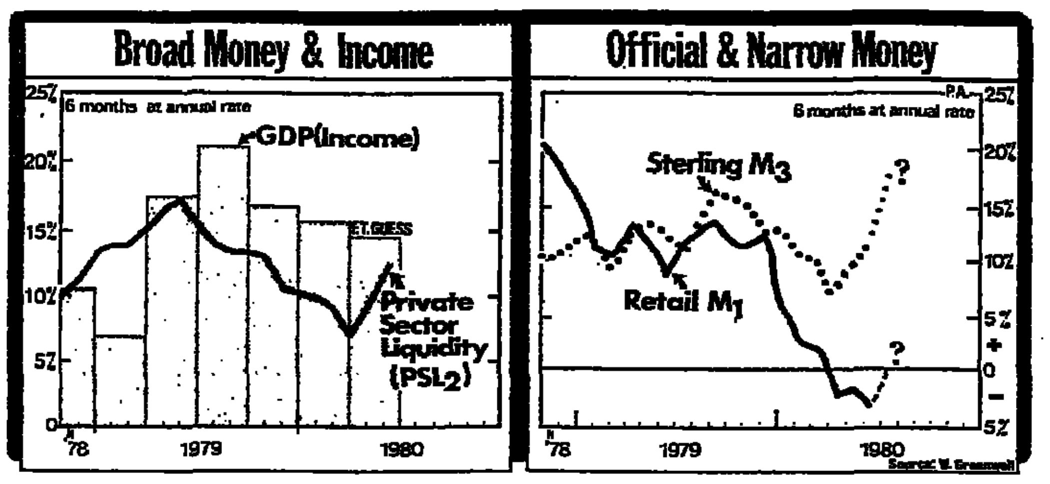
A case for fundamental reforms in banking management

we must either change the nature of our targets, or the working of our banking system, or possibly both. The thoughts that follow are my own.

The case for switching from money to credit can probably wait for a year or so. It's not that it isn't desirable; indeed if we were ever to join the EMS, where money balances can flow almost as easily from Luxembourg to London as they can from Glasgow to York, it would probably be essential. But the measure is at present unreliable; and the difficulties of controlling it are in many ways the same as the difficulties of controlling a broad measure of money. We would probably have *to reform the system first*.

For the immediate future, the question is more whether to change the target, or to change the system, or both. The trouble with sterling M3 is not just that it is a late-warning rather than an early-warning system (because the first impact of credit inflation drains out through the balance of payments) as that it is a misleading measure of the tightness of policy.

Consider, for example, what is going on at the moment. Bank lending and money are apparently growing alarmingly; but this is quite largely a result of the two developments which are supposed to be stopping inflation—and will no doubt do so, at a heavy cost. Sterling M3 is being driven up by high interest rates and by the recession.



What the figures are showing at the moment is not an inflationary explosion, as say in 1972-73, but distress borrowing. Companies, like the state, are having to borrow money to pay the interest on their loans. The higher interest rates are driven, the faster the growth of borrowers' debts and of the claims of depositors—and the resultant rise in the exchange rate, which puts a squeeze on prices, actually reduces the ability of borrowers to repay. If inflation were faster, the money supply as officially defined would be lower.

There are two ways out of this dilemma. One is suggested by the charts. They show that on the Bank of England's broadest definition of money (so broad that it largely escapes corset distortion) money growth has indeed been above official targets for some time, but is still very restrictive—that is, far below the growth of money GDP. So indeed is the probable growth of sterling M3.

If the Government wants to indulge in targetry, a narrower measure gives a much better picture. Retail M1 (with the interest bearing wholesale money left out), unlike M3, shows a clear difference between boom and bust, which is helpful. What is also helpful is that it can be targeted very tightly, without worrying too much about the short-term inflation outlook. If Sir Geoffrey Howe had set a *zero* growth target for M1, he could probably still declare a victory tonight.

So much for what might be called the Bank's case; it would be much easier to conduct policy sensibly, under existing methods, with a different target, or a number of them. However, we would still be left with the paradox of trying to control liquidity with its most important element left out—for most companies write cheques against their overdraft facilities; or trying to control credit while insisting that it remains available on demand. In other words, is it sensible to take a purely passive attitude to commercial lending, and rely on offsetting sales of gilts?

Here I have space only to state a single case, but I think it is a telling one. Just suppose that the authorities could finance official borrowing by sales of short-term securities, as in other countries (which would mean ending the automatic facility for turning these securities

Is it sensible to rely on sales of gilts?

into cash at the Bank of England) and so leave room in the long-term market for companies.

What would follow, as has been seen in the U.S., is a large scale of corporate funding of bank debt; and this would be far *more* effective that gilt sales in reducing the money supply as officially defined. For when gilts are sold, there is a shortage of liquidity in the markets, and the authorities actually have to pump it back; but when commercial borrowing is funded, bank deposits and loans both shrink, but liquidity remains the same. So existing methods are actually preventing the market responding to tight conditions by running down the money supply. That is the case for arguing that the present mess calls not just for a new approach to targeting, but for fundamental reforms in banking management. More next time.

Anthony Harris

Letters to the Editor

ɪigh energy ɪsts

ɪ Mr. W. Waldegrave, MP

ɪ,—The letter to you on ɪstrial gas prices from the ɪtor general of the Chemical ɪstries Association and ɪs of August 4 (and a subɪent letter of August 12) ɪs a case which has also ɪ made in recent weeks to Conservative energy comɪe of which I am secretary. ɪI say why I at least have ɪet been convinced that the ɪying on industrial gas prices ɪstified—though it is wholly ɪrstandable in a time of ɪssion?

ɪe evidence presented on ɪpean prices is inconclusive. ɪpite of what your correɪdents say, surely it is essenɪ to talk in averages—older ɪracts, here and abroad, will ɪower; newer contracts will higher. And your correɪdents seem only to refer to for fuel use; I suspect that picture might be different gas for feedstock—as for ɪnple in the massive ICI conɪt—were included.

ɪhe setting of prices on an ɪged comparability basis has ɪ less logic behind it than ɪ the setting of public sector on the same basis. British should be setting prices ɪd on the value of the gas it ɪelling—not someone else's ɪ for other gas elsewhere. to value, there is surely no out of a relationship ɪveen gas and its competitor ɪs or feedstocks. If the price ɪ below the price of the ɪivalent oil, there is a flight ɪn oil and great pressure on limited gas supply. This hapɪed last year, and British ɪstry then complained about shortage of gas at any price. ɪoubt if British Gas's monoɪ makes much difference. constraints on energy pricɪ are very tight. There are ɪectly good general arguɪts for removing British ɪ's exclusive right of gas purɪse—but I doubt very much ɪther cheaper gas is among ɪn.

ɪhis Government has had the ɪtical courage (and it is courɪ—my mail bag is full of ɪous protests from Conservaɪ supporters) to grasp the ɪle of the underpricing of ɪestic gas, which really lies ɪhe heart of the distortion of prices in this country. ɪustry has suffered as a result ɪhis buying of votes with an ɪficially cheapened gas ɪause of the diversion to ɪestic use of a premium ɪustrial fuel and feedstock. It ɪld be helpful occasionally to ɪe some recognition of that ɪ—rather than pressure to go ɪn the route of providing ɪustry with an artificial comɪitive advantage by holding ɪn energy costs. America that for years with oil—and ɪch of the world's present ɪrgy problem derives from ɪt American policy. Surely do not want to fall into the ɪe error?

ɪliam Waldegrave,
ɪuse of Commons, SW1.

ɪAYE computer ɪstem order

ɪm the Chairman,
ɪ Applied Systems

ɪir,—Regarding your leader ɪAugust 11 there is an alternaɪ to awarding the Inland ɪenue PAYE contract to ɪer ICL or IBM. Give part ɪit to them both as two pilot ɪrations.

ɪssuming there is a sound ɪcification, the contractors can be required to use a common data base structure and a portable programming language usable on the alternative equipment. Both should be invited to establish a pilot operating facility. Relative timeliness, performance and total cost would be self-evident. The number of each supplier's subsequent installations would be determined on the basis of their actual performance in doing the job without conjecture. Both should be required to provide facilities for their incompatible machines to "talk" to each other, reducing single supplier dependency and incidentally providing ICL with a real advantage in challenging IBM's installed dominance in other markets.

The apparent incremental cost of parallel development of software to run on two suppliers' equipment will most probably be eliminated in total cost by the competition to complete the pilot installations rapidly at minimum cost with consequential savings in subsequent installations. In any event, the key to the total cost-performance is more dependent on managing the software and operational conversion rather than in selecting particular hardware. Certainly, the calibre and experience of the people assigned will be the major determinant of success.

One of the further benefits of the dual pilot approach might be that the British-based manufacturer can learn the techniques of lobbying. If the decision were for ICL now, it surely would be regarded by many as a tribute more to the "buy British" lobbying of the company, MPs and trade unions, rather than a compliment to ICL's technical competence. The public arguments have mostly centred on the need to maintain ICL and not on the company's competitive advantages. This is all counter-productive to improving ICL's image in the wider market.

Roger Graham.
York House,
199, Westminster Bridge Road, SE1.

Arbitration services

From the Secretary General Court of Arbitration, International Chamber of Commerce

Sir,—The article on "London's opportunity in arbitration" (July 31) by A. H. Hermann, presents a troublesome arbitration case as an illustration of the tribulations which could occur to parties engaged in international arbitration and indicates that the case "is still before an arbitration tribunal controlled by the Paris-based International Chamber of Commerce (ICC)."

I would like to emphasise that in the case referred to, the arbitrators decided at the outset, with the consent of the parties, that—apart from their appointment they were not subject to the rules of arbitration of the International Chamber of Commerce, and that the said rules did not apply to the arbitration. Therefore, the ICC court of arbitration had no right nor means to control the progress of the proceedings. Furthermore, the ICC court of arbitration was not informed on a regular basis of the progress of the case.

In the case mentioned, the parties had to wait 15 years before the issuing of an award which was then successfully challenged in court. The control exercised by the ICC court of arbitration on the cases conducted under its aegis is principally aimed at avoiding such regrettable situations. This goal has largely been achieved. In fact the ICC court of arbitration handles some 300 new cases a year and their average duration is about 18 months. Thirty per cent of the ICC awards are voluntarily complied with by the losing party without any legal enforcement.

We know, however, that progress has still to be made, and this is the reason why reforms in our working methods which should improve the services offered to the parties were introduced at the beginning of this year.

Yves Derains.
38, Cours Albert 1 er,
75008 Paris, France.

Producing iron

From Mr. J. Adams

Sir,—Your contributor, Mr. Roy Hodson, (July 24) on the subject of directly reduced iron production seems to have merely concentrated on the natural gas based processes for its production.

The availability of natural gas world wide is obviously limited and the current price of natural gas in the USA has forced the first plant built on Midrex technology in Portland, Oregon, to close.

In the UK the British Steel Corporation plant may be in the wrong place for trading in directly reduced iron. Within the same article however, we note that South American (Brazilian no doubt) ore is likely to be shipped to Indonesia to be converted by local natural gas. What will mitigate against the plant built by BSC is the price of natural gas. This year that has risen for those of us in the steel industry by about 47 per cent. With the units entirely dependent on natural gas one imagines a very special deal will be needed to allow the plants to start—ever. Scrap prices will have to reach an all time peak to encourage operation.

With the limited supply of natural gas and its future likely geared to those countries with a more realistic energy pricing policy than Britain, ones thoughts have to turn to proceses that are geared to the worlds largest, and better distributed, reserve of energy — coal.

The coal based direct reduction processes must come into their own in the next decade since they can operate on low quality coal. They do not rely on the use of a prime fuel which could be better applied. Processes such as Krupp, and Azcon have already operated succesfully. The most successful to date however is that developed by New Zealand Steel — the SL/RN process owned by Lurgi but jointly developed to its current highly successful state by New Zealand Steel and Lurgi in the last 10 years.

More complex techniques have also been developed e.g. the Allis-Chalmers process based on coal together with oil/gas injection. While this has been run on a pilot scale, a full scale plant has yet to be operated. I believe one is to be installed in India. While the combined fuel approach may have something to recommend it the use of prime fuels (oil/gas) that could be more usefully applied is probably not in its favour. Coal gasification and using the gas for direct reduction to date appears to be totally uneconomic.

J. F. D. Adams.
65, Clifford Road,
Poynton, Cheshire.

Qualifications for directors

From Mr. C. Jackson

Sir,—From the limited view point of the Institute of Directors, Mr. Burnside (August 7) is quite right to castigate me for not separating its opposition to the EEC fifth directive on company structure from my strictures on the quality and calibre of the average director. My criticism of the Institute of Directors, however, is that it concentrates its venom on the one hand against changes in the structure of boards of directors and the inclusion of "worker directors," while plaintively crying on the other hand for more consultation with and involvement of employees.

The Institute has not yet grasped the point that, if every member of the board of all significant companies was manifestly fitted to be a director, the structure of the board (whether single tier or two tier), would be largely immaterial. Quality transcends structure! Also, consultation with and involvement of employees would follow in ways most suited to each company's ethos, because even directors from outside industry know very well that "getting things done through people" cannot be done by diktat—but only by winning the hearts of men.

If there were means of ensuring that all directors of significant companies were "persons fitted to be directors," the way to the board room would be open to all.

Clifford V. Jackson.
Hollingbourne Manor,
Nr. Maidstone, Kent.

Heseltine plan backfires

From Councillor J. Gouldbourn

Sir,—What the public at large do not understand, is that local governemnt administration is no longer about the provision of good and efficient local services and facilities, but is instead concerned with bidding for central government funds, career structures (self interest) and tactics.

Mr. Heseltine has been defeated this time by the argument, about which members are uncertain, that what has been spent cannot be unspent. I know, from 40 years of involvement with public budgets, that very few authorities could not have made the savings requested by him. Why only four months of the spending year is gone!

What has finally alarmed chief executives, and treasurers, is the knowledge that they must manage and conserve. No longer can they operate with massive contingencies, "cushions," percentages added on. This fact was made clear to them, when they attempted to increase their cash limits, by requesting the London clearing bankers accord them increased overdraft facilities. This try-on backfired also.

Local government chief officials have outwitted their members for the last time. Now, as you say, the Treasury has gained the right to assert financial control over the Ministries and local government associations, and not before time.

(Councillor) J. E. Gouldbourn.
6, Queen Mary Avenue,
Lytham St. Annes, Lancashire.

Today's Events

GENERAL

UK: Dr. Gerard Vaughan, Health Minister, lays foundation stone for biotechnology plant to produce interferon, High Wycombe.

Jordans Surveys publish financial review of the British private security industry.

Du Maurier (a BAT company) announces "largest single commercial sponsorship in the world of the arts."

Volvo Trucks, Irvine, Scotland, announces development.

Electricity Council statement on pension funds.

United Counties Agricultural Show opens, Camarthen (until August 15).

Ideal Home and Leisure Exhibition opens, Newcastle University (until August 15).

Overseas: U.S. Democratic Party convention continues, Madison Square Garden, New York.

OFFICIAL STATISTICS

Bank of England publishes mid-July figures for UK banks' assets and liabilities and the money stock; and London dollar and sterling certificates of deposit. Central Statistical Office issues cyclical indicators for the UK economy for July.

COMPANY MEETINGS

British Benzol Carbonising, Great Eastern Hotel, Liverpool Street, EC, 12.30. Castings, Barron's Court Hotel, Lichfield Road, Rushall, West Midlands, 2.15. Greene King, The Theatre Royal, Westgate Street, Bury St. Edmunds, Suffolk, 12.

COMPANY RESULTS

Final dividends: AGB Research. W. G. Allen and Sons (Tipton). Carrington Investments. Malaysia Rubber. Louis Newmark. **Interim dividends:** Automotive Products. Ratcliffs (Great Bridge). Rea Brothers. Stenhouse Holdings.

SPORT

Cricket: Surrey v West Indies, floodlit match at Stamford Bridge. Young England v Australia, one day match, Worcestershire.

Golf: Carrolls Irish Open Championships, Portmarnock. Carlsberg Women's Tournament, Sandmoor, Leeds.

Bowls: English National Championships, for men at Worthing, for women at Leamington Spa.

LUNCHTIME MUSIC, London

Metropolitan Police Band concert, St. Paul's Cathedral steps, 12.00 pm.

Piano recital by Anthony Halliday, St. Lawrence Jewry, Gresham Street, 1.00 pm.

Carrington Viyella into loss and omits interim

IN A first half which Mr. D. R. Hornby, the chairman, describes as "extremely disappointing," Carrington Viyella, textile and clothing group, has plunged from a pre-tax profit of £5.09m to a loss of £1.21m.

And the effects of the recession and high interest rates mean trading in the second half is likely to remain very difficult, he warns, adding that the strength of sterling is resulting in record imports from developed countries, particularly North America.

External sales for the six months to June 30, 1980 declined from £156.71m to £150.14m, despite a 3 per cent increase in UK exports to £22m. The taxable deficit is struck after interest charges up sharply from £3.59m to £6.1m.

In the light of the first-half results and continuing poor trading conditions, the directors are omitting the interim dividend: last time there was a payment of 0.7p. For the whole of 1979, a total of 1.1p was paid from taxable profits of £8.49m (£14.51m).

The directors expect significant changes in the size and structure of the industry in the UK over the next decade and are taking steps to ensure the group is in a position to withstand the effects of such changes and benefit from them.

These include the setting of substantial targets for improved productivity by the end of 1981, a reshaping of the organisation including the already-announced sale of the London headquarters and the commissioning of a report by outside consultants on the future strategy of the group.

The costs so far identified of these measures are reflected in an extraordinary debit this time of £3.4m, which also includes reorganisation and rationalisation costs of a withdrawal from a major part of a business area.

The first half loss includes a reduced contribution from associates of £459,000 (£1.48m) and is subject to a tax charge of £574,000 (£1.35m). The loss per share is shown as 1.12p (1.92p earnings).

Capital expenditure in the first half fell from £6.3m to £3.2m.

Rhys David writes: Blame for the £1.2m deficit on a turnover of £150.1m is being placed on the effects of the recession and very strong pressure from imports particularly from the U.S.

Virtually all parts of the group—which announced in February a sharp reduction in profits for 1979 from £14.5m to £8.5m—have been affected.

The new chairman Mr. Derek Hornby, a former Spillers executive, who was appointed in a move believed to have been instigated by ICI—owners of 49 per cent of the group—indicated yesterday that extensive restructuring would be needed to restore the group to profitability.

The main emphasis in future would be on developing the group's strong brand name which includes Viyella and Dorma. The main areas likely to come under review would be the company's basic textile activities in spinning and weaving.

Any action taken would be with the aim of safeguarding the broad mass of jobs within the group.

CV is the most notable casualty so far of the problems facing textiles as a result of poor demands in the shops and imports pressure.

Other results published recently have provided evidence, however, that stronger groups are also finding trading conditions very difficult.

Nottingham Manufacturing, a major supplier to Marks and Spencers, reported pre-tax profits down by one third last week and Vantona, which operates in a number of markets where CV is also represented, reported a drop of 65 per cent in its taxable profits.

Courtaulds, the biggest UK textile group, is also expected to announce a significant decline in its earnings for the first half of its year to the end of September.

HIGHLIGHTS

The bid by Truste Savings Bank to acquire three-quarters of United Dominion Trust's traditional instalment credit in the UK, with an option to buy out the remainder, dominates the day's financial news. Lex looks at the prospects for UDT after the disposal and reflects on the group's pre-tax profit fall from £20.1m to £11.2m last year. F. W. Woolworth confirmed the market's worst suspicions about its trading performance in the second quarter, which showed a pre-tax loss of £2.6m against a profit of £8.8m for the corresponding period last year. Carrington Viyella, too, suffered a loss in the first half which compares with a profit of £5.1m and the interim dividend has been passed. General Accident pushed half-year profits up by £10m to £40m although investment income has risen by a very similar amount to £57.9m. Losses in the U.S. underwriting business have been trimmed.

SPAIN

August 13	Price %	+ or −
Banco Bilbao	226	
Banco Central	248	
Banco Exterior	212	+2
Banco Hispano	224	
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	276	
Banco Urquijo	139	+1
Banco Vizcaya	236	
Banco Zaragoza	215	+1
Dragados	103	+2
Espanola Zinc	63	
Fecsa	63	+0.8
Gal. Preciados	23.5	
Hidrola	67.7	
Iberduero	61.2	−0.3
Petroleos	112	
Petroliber	87	+1
Sogefisa	107	
Telefonica	58.5	−6.5
Union Elect.	67.5	

Govett unitisation plans

OVER A year after the idea was first mooted, Govett European Trust has announced details of its unitisation scheme.

The company will be placed in voluntary liquidation and the balance of assets remaining after providing for liabilities and expenses will be transferred in specie to Stockholders European Trust.

This will be a new authorised unit trust, managed by John Govett Unit Management, whose objective will be to provide investors with long-term capital growth and income "consistent with that prevailing in" the European markets in which the unit trust is invested.

Mr. W. J. R. Govett, chairman says that the factors which favoured an investment trust structure for the company are no longer valid. Higher interest rates, for example, make borrowing unattractive, the Bank of England's regulations on the control of foreign investment have effectively been repealed (investment trusts, according to Govett, were better vehicles than unit trusts for complying with these regulations), while investment trust share prices have moved from being broadly in line with asset values to substantial discounts.

هكذا من الأجمل

£16m slump in Woolworth profits

A SECOND quarter loss of £2.57m, against a profit of £8.76m, has meant a slump in the taxable surplus of F. W. Woolworth and Co., for the half year ended July 31, 1980, from £16.26m to £291,000.

Sales amounted to £403.85m compared with £393m, after VAT of £48.64m (£30.55m).

The directors blame results on the prolonged downturn in consumer spending and the deepening economic recession. Destocking and cost cutting, started during the latter part of the 1979-80 year has continued during the six months, "with increased vigour."

They add that these measures were not enough to counter the financial effects of the low sales activity and of high interest rates—interest charges were up from £3.67m to £6.6m in the half year.

The rate of sales in the current period has shown little evidence of recovery, "and the result for the full year is unpredictable."

For the year ended January 31, sales totalled £888m and pre-tax profits were a record £57.25m.

As at July 31, earnings per 25p share are shown as 0.05p compared with 2.58p, and the interim dividend is cut to 1.225p (1.3475p) net—last year's final payment was 3.5695p.

Depreciation charged was £5.84m (£5m) and tax took £116,000 (£6.51m). After foreign currency losses of £630,000 against £980,000, there was a £455,000 loss (£8.78m profit) for the period—the interim payment will absorb £4.63m.

The directors state that results are not readily translated into U.S. terms

● NEWS ANALYSIS—DAVID CHURCHILL ON A DECADE OF INDECISION

That was the wonder that was

THE WONDER was well and truly taken out of F. W. Woolworth yesterday with the £16m slump in its interim pre-tax profits and gloomy forebodings about the state of the retail industry.

But while times are undoubtedly very hard for Britain's retailers at present, Woolworth's problems cannot entirely be blamed on the current economic recession.

Instead, the company's poor trading performance largely reflects management indecision and failures during the past decade when Woolworth's position as the pre-eminent High Street retailer has been severely eroded.

Woolworth is the classic example of a major company growing to such a size and position in the market that it finds it seemingly difficult to adapt to change. Woolworth's management style in the 1970s has, in the opinion of many City analysts and other retailers, been too conservative and too slow to react to rapid changes in consumer spending patterns.

At the same time, the company has largely been isolated from the effects of its retail problems by its massive portfolio of over 1,000 prime High Street store sites.

The City has only really kept faith with Woolworth because it is such a successful property company—even if its recent track record as a retailer leaves much to be desired. Even the City, however, is becoming increasingly disenchanted by Woolworth's poor retailing performance.

Although the first Woolworth store opened a century ago in New York, the first UK store did not open for another 30 years, in 1909, in Liverpool.

Woolworth's trading philosophy then was to provide the mass market with a wide range of low-price household and other items. These variety stores, as they were called in the trade, were a sort of down-market department store and proved extremely successful.

In spite of the recessions throughout the 1930s, Woolworth in the UK expanded rapidly and built up a chain of about 750 variety stores by the end of the decade.

This was Woolworth's hey-day in terms of store expansion, since the post-war years only saw the number of High Street outlets grow to just over 1,000.

Woolworth's rapid expansion in the inter-war years was the cornerstone of the company's property foundation but it also sowed the seeds of its current problems. In modern-day retailing, Woolworth has too many small stores which cannot increase turnover sufficiently fast to match rising overhead costs.

Woolworth has some 950 UK variety stores ranging in size from 2,000 to 35,000 sq ft of selling space, giving an estimated total selling area of 9m sq ft. Although the company has sought to close or renovate some of its smaller stores, critics argue that it has not been ruthless enough.

Moreover, two of Woolworth's major competitors—Marks and Spencer and British Home Stores—both have far fewer stores but are both considerably more successful. (M. and S. has 250 stores, while BHS has 115.)

Woolworth first moved into the out-of-town superstore development in 1967 with its Woolco operation, but progress since then has been slow in comparison with such competitors as Tesco and Asda.

The other main legacy of Woolworth's rapid growth in its early days was the wide range of product lines sold—now estimated at about 27,000. This variety of stock was the company's strength in the past but increasingly has become more costly to maintain and led to a blurring of the customer image of what a modern Woolworth store sells.

It is, for example, the largest UK retailer of confectionery and angling equipment, has more than a fifth of the luggage market, 15 per cent of record sales, and 10 per cent of the do-it-yourself market.

But it has largely failed to capitalise on its strengths in these various areas. Woolworth's strength in DIY could have led to a major expansion in the mid-1970s when the boom was beginning to become established in the UK and several small retail chains were making their fortunes.

However, further expansion into this market has only been undertaken recently. Earlier this month Woolworth bought the B and Q (Retail) DIY group for £16.6m, a price many City analysts consider was over the odds.

Had Woolworth moved faster when the DIY market was expanding, it would undoubtedly have been able to generate more growth internally without having to result to the rare move (for Woolworth) of acquisition.

Woolworth's track record over the past 10 years has reflected such missed opportunities and slowness to adapt to market developments. It was caught out by the High Street grocery price war over the past few years and subsequently switched its substantial involvement in food retailing into clothing, which it hoped was a more profitable area.

Unfortunately, this proved to be a move "out of the frying pan and into the fire," since clothing sales have been the hardest hit of all retail sectors over the past 12 months and

Mr. Geoffrey Rodgers, Woolworth chairman

there is little optimism for much recovery in the immediate future.

However, the company has attempted for some years to tackle its key problems. It has refurbished many stores and sold some smaller ones. It has adopted an aggressive advertising campaign—it is the second largest advertiser in the country—and is heavily promoting some of the product areas in which it is strongest.

Woolworth is also following the retail pattern in both the U.S. and the UK towards speciality retailing. Although unlikely to give up its variety store basis, it is trying to narrow its product range and concentrate on growth areas.

The company is opening a chain of specialist furnishing stores, called Furnishing World and a chain of sports footwear shops called Foot Locker.

But whether such moves will be as far-reaching and as effective as needed remains doubtful. Stockbrokers Capel-Cure Myers, suggest that "Woolworth's lack of retailing flair and the fact that the changes will further confuse the customer and hinder the development of a cohesive image seems likely to compound the problems."

Horizon up £44,231 at midway

WITH INCREASED turnover at £24.49m against £16.38m, Horizon Travel, air holiday operator, reports a rise of £44,231 to £539,966 in pre-tax profits for the half year to May 31, 1980.

Mr. Bruce Tanner, chairman, expects record profits for the current financial year. The interim dividend is increased from 1.87p to 2.5p

An increase of over 10 per cent is expected on holidays sold for the summer but bookings for the winter are running below levels of last year.

Orion Airways, after only two months of operation, has contributed a profit after writing off most of the start-up costs. In the full year, Orion will make a major contribution to group profits, says the chairman.

● comment

Horizon managed to spend £10m on starting an airline and only dipped into the banks' coffers for a matter of a few weeks. It has also written off close to £600,000 of start-up costs and still made a small profit from the airline, though it operated for just two months of the period. Taking forward that sort of return Orion could chip in profits of £1.3m after initial costs of £½m but before allowing for financing charges. The whole group could therefore be heading for £5¾m. Winter holiday bookings are running some 20 per cent down on last year but taking the summer and winter together Horizon is ahead by a fifth and holiday profits this year could rise a quarter. Despite the short spate of borrowing cash flow remains impressive—it currently has around £8m in the bank—and the year's interest receivable should hold above £1m. At 255p the shares are standing on a fully taxed p/e of 5.4 though thanks to capital allowances no actual tax will be payable. That looks an inexpensive rating especially as earnings will be struck after Orion's exceptional expenses. However, sentiment is probably affected by the current weakness of winter bookings and the group will have to borrow some £4m for a few months next year to finance three more planes. Impressively the board reckons that will be the last period of debt on those aircraft.

CHARTERHOUSE PETROLEUM

Charterhouse Petroleum, the North Sea spin-off from Charterhouse Group, made its stock market debut yesterday and the shares rose to 75p from their issued price of 68p.

Dreamland plunges into first half loss

THE expected growth in both sales and profits has not been fulfilled in the first half figures of Dreamland Electrical Appliances, the Southampton manufacturer of electric blankets and fire detection equipment.

The six months to June 30, 1980 has produced a pre-tax loss of £101,000 compared with a profit of £425,000. Turnover was also down, falling from £3.67m to £3.11m. But given normal consumer demand in the last quarter, eventual profits for the year should compare favourably with the £1.5m of 1979, says Mr. F. R. Williams, chairman.

Although turnover was significantly lower, he says orders from home trade customers at the end of June were up to those at the same time last year, adding that present indications are that the order intake should continue at a comparable rate during the current six months. Trade deliveries for the full year should be close to those of 1979.

Any shortfall which might occur should be offset by an increase in the company's export business, which is showing steady progress.

No tax was payable in the first half against a charge of £221,000 last time. The interim dividend is effectively unchanged at 0.35p

● comment

Dreamland's half-way figures are not quite as nightmarish as they look. Orders were hit by the freakishly mild weather in January and February and the interim figures have been further distorted by retailers, overstocked with heavy appliances, postponing their usual June deliveries by a month or two. Right now the company says that orders are buoyant and given no more than averagely bad weather this winter it expects to recover to match last year's profit of £1.5m pre-tax. Although that may prove a bit optimistic, Dreamland is forecasting a maintained final dividend of 0.85p and is confident of further export growth where its margins, unusually, are stronger than in the more competitive home market. It will need it. By the beginning of next year the company will have 50 per cent extra capacity from a new factory which has been built at a cost of nearly £2m out of cash reserves and the UK market, in which Dreamland holds a steady 55 per cent, is acknowledged to be mature. However, given the group's investment in comparatively untapped markets, like France, it should be able to find the extra turnover. At 28p the prospective yield on same again annual earnings and dividend is 6.3 per cent with a cover 3.2.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Assam Trading	1.25	Oct. 17	1	1.25	1
Bridgewater Ests. int.	4.5	Oct. 14	4.5	—	16
Britannic Assurance int.	4.9	Oct. 6	4.55	—	11.9
Carrington Viyella int.	nil	—	0.7	—	1.1
Cooper Inds.	0.65	—	0.75	1.25	1.25
Dreamld. Elec. App. int.	0.35	Oct. 3	0.35*	—	1.2*
English & Scottish int.	0.6	Sept. 30	0.5	—	1.63
General Accident int.	6.25	Jan. 1	5.5	—	12
Grant Bros.	2.36	—	2.36	3.88	3.88
Horizon Travel int.	2.5	Oct. 10	1.87	—	7.35
Imry Property	5	—	4	7.5	5.2
New Witwatersrand	22‡	Oct. 3	16	36	24
Securicor int.	0.5	Sept. 26	0.45*	—	1.47*
Security Services int.	0.91	Sept. 26	0.83*	—	2.48*
Joseph Webb	0.43	—	0.38*	0.56	0.49*
F. W. Woolworth int.	1.23	—	1.35	—	4.92

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout.

Albright down after interest jump

Struck after much higher interest of £5.13m against £1.59m, pre-tax profits of Albright and Wilson, chemicals and allied products subsidiary of Tenneco of the U.S., fell from £9.75m to £9.02m for the first six months of 1980. Sales went ahead by £40.2m to £218.05m.

The directors say the results were affected by the further strengthening of sterling, the growing effect of the general trade recession, and the costs of redundancies now proceeding in the UK.

Profit for the whole of 1979 was £18.96m from sales of £385.7m.

First half tax took £2.[illegible] against £1.74m and after minority interests of £219,000 (£196,000) the attributable balance was £6.49m compared with £7.52m.

There was an extraordinary debit of £1.26m (£1.29m).

UK COMPANY NEWS

Joseph Webb improves

HELPED by an improved contribution from its holidays division, pre-tax profits of Joseph Webb and Co. moved ahead from £528,483 to £581,428 in the year to March 31, 1980. At halfway, pre-tax profits of this estate development, property investment, holidays and entertainments group were up from £227,496 to £295,143.

Group turnover for the year improved from £3.99m to £4.39m.

Trading profit rose from £780,975 to £825,266, of which the holidays division provided £701,854 (£484,703). Property investment's contribution also increased from £109,237 to £118,708, but estate development fell back from £187,035 to £4,704.

Interest payable was £243,838 (£252,492), and there was a tax charge of £63,033 compared with £3,955 last time, leaving net profits lower at £518,395 (£524,528). Stated earnings per 5p share are unchanged at 2.4p

The final dividend is effectively raised from 0.3827p to 0.4308p for a total of 0.5821p (0.49962p adjusted).

In its interim report, the board stated that bookings for the 1980 holiday season were encouraging and it was anticipated these would reflect an overall increase in group profits for the year.

BARING BROS. LOWER MIDWAY

First-half 1980 profits of Baring Brothers and Company, merchant banker, were lower than for the corresponding period last year, the board states.

General Accident up 31% to £40m at midyear

REFLECTING HIGHER interest earnings in both the UK and the U.S., profits before tax of General Accident Fire and Life Assurance Corporation climbed 31 per cent from £30.5m to £40m for the first half of 1980. First-quarter profits were up from £5.5m to £13.3m.

A worldwide second-quarter underwriting loss of £3m, against £0.5m last time, left the overall halfway deficit little changed at £17.9m (£17.6m)—4 per cent (4.3 per cent) of premiums.

In the second quarter an underwriting profit was achieved in the UK and to a lesser extent in Canada and Brazil. However, losses were incurred in the U.S. and in all other major territories, particularly Europe and Australia.

The strength of sterling during the second three months had an adverse effect on results. Investment income advanced 21.7 per cent from £47.6m to £57.9m at halfway, while general net written premiums rose 11.4 per cent from £404.9m to £451.2m—excluding currency movements, these increases were 25.8 per cent and 14.8 per cent respectively.

Mr. David Blaikie, chief general manager, comments that although investment income again showed strong growth, the generally lower interest rates and the effects of increasing operating costs must be borne in mind when assessing the group's prospects for the remainder of 1980.

Tax for the half-year took £12.2m (£8.1m) and after minorities and preference dividend, attributable profits were 25 per cent higher at £27.2m, against £21.6m.

Earnings per 25p share improved from 13.2p to 16.6p, while the net interim dividend is being stepped up 13.6 per cent from 5.5p to 6.25p per share—last year's total was 12p on taxable profits of £86.5m.

There was a second-quarter underwriting profit of £2.1m in the UK which reduced the first-half deficit to £6.9m (£11m) on premiums up 21 per cent to £213m.

The important motor account produced a small profit in the second three months, cutting the first-half loss to £4.5m (£5m) and the homeowners business, although still incurring losses, continued to show an improving trend. The industrial fire account remained unprofitable, but all other major departments, including liability, contributed to the improved performance.

In the U.S., an underwriting loss in the second quarter of £1.6m left a deficit for the half-year of £4.5m (£1.2m), on U.S. premiums up 8 per cent from $299m to $322m.

With an operating ratio in the second three months of 101.48 per cent, the ratio for the six months is reduced to 102.24 per cent (loss ratio 72.58 per cent, expense ratio 29.66 per cent), compared with 99.72 per cent last time. Despite an improving trend in the second quarter, all major lines showed losses.

A sharp deterioration in Australia and Europe was partly offset by an improvement in Canada to produce a non-U.S./UK underwriting deficit of £6.5m (£5.4m) at halfway.

The decline in long-term insurance profits from £1.5m to £1.3m, was attributable to Brazil where a poor second-quarter performance was made worse by exchange movements.

New business figures for the six months show new sums assured totalling £1.48bn (£099bn) with annuities per annum amounting to £20.7m (£13.4m). New life and annuity premiums comprised £10.1m (£6.8m) for annual premiums and £6.7m (£5.1m) for single premiums.

The group's solvency margin worldwide at mid-August was 57 per cent compared with 52 per cent at the end of 1979.

● comment

The half yearly results of General Accident show that the group has recovered from its bad start to the year and is now on course for £100m pre-tax in 1980. The UK motor account recovered in the second quarter, with claims frequencies back to 1978 levels and the recent hefty rate increases now starting to come through. In the U.S. the deterioration is still modest by industry standards, while Canada is doing well. But all this pales beside the impressive growth in investment income, thanks to a strong cash flow and continued high interest rates. An expected break-even underwriting position in the UK for the second half, balancing a continued deterioration in the U.S. should enable the investment income growth to push pre-tax profits to £100m from £86.5m in 1979. The shares put on 6p to 308p on the result yielding 5.9 per cent on the last 12 months' dividend.

Peerless workers on short time

Peerless, the consumer products company which came to the market in May this year, has put employees in one of its four divsions on a three-day week because of a sharp fall in orders.

Around 150 workers are affected in the electromechanical and electronics division, which makes time controls for home central heating as well as electronic taxi meters. At the time of the offer for sale, Peerless said short-term prospects were encouraging for all divisions except brass components. It also considered that the market for time controls was little affected by variations in housing starts.

Singer and Friedlander, who arranged the Peerless issue, said yesterday that orders for time controls started to fall off badly "on around May 21," the same day as dealings began in the shares.

In the nien months to December 1979, the now troubled division contributed profits of £686,000 to a total of £3.68m. Singer and Friedlander said orders were starting to recover although it was too early to say whether this was a genuine upturn or a recation to recent de-stocking by contractors. Peerless shares, which were offered at 100p, closed yesterday at 91p.

UDT down by £8.9m

A DROP in second half profits from £11.6m to £3.3m has left the taxable surplus of United Dominions Trust, international banking and financial services concern, down by £8.9m at £11.2m for the year ended June 30, 1980.

Despite mixed results from the company's divisions, the main turnround was in the instalment credit and related services side which suffered losses of £2.9m against a £5.6m profit.

Mr. L. C. Mather, chairman, says that directors have been seeking a lasting solution to problems, particularly the shortage of capital, and agreement has been reached, in principle, for the Trustee Savings Banks group to take a 75 per cent interest in the group's traditional UK instalment credit operations.

After tax of £2.8m against £3.7m, minority interests of £0.5m (£0.6m), an extraordinary debit of £0.7m (£3.1m), and preference ' dividends £2.2m (same), the retained balance came through at £5m compared with £10.5m.

Earnings per 25p share, before the extraordinary items, are shown as 5.15p (12.38p).

The group has succeeded in raising substantially the level of new deposits and the average length of the fixed term book.

"Now that our status has been established as a licensed deposit taking institution we continue to flourish in this respect."

An increase of almost £150m in deposits has enabled UDT to reduce its reliance on other banks. During the year this borrowing was brought down by £100m, and since the year-end has been further reduced by £50m—this leaves less than £100m outstanding from a peak £500m in August 1975.

Mr. Mather says the group's position was further strengthened during the year by the sale of its instalment credit interests in Australia, with cash proceeds of £13m, a reduction of £70m in borrowings, and the cancellation of material contingent liabilities.

A divisional analysis of pre-tax profits shows (£m): instalment credit and related services 2.9 loss (5.6 profit); other financial services 5.8 (2.8); property advances 2.8 (3.4); vehicle hire and motor distribution 3.9 (4.6); property construction and development, plant hire and equipment sales 1.2 (0.2); engineering and industrial component distribution 0.1 (1.5); overseas 0.3 (2.0).

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Securicor advances 15% at six months

TAXABLE PROFITS of Securicor Group advanced by 15 per cent from £2.85m to £3.27m for the half year to March 28, 1980, on turnover of £85.25m, compared with £67.09m. Profits of the 52 per cent owned listed subsidiary, Security Services, were ahead by 16 per cent to £2.66m.

Mr. Peter Smith, the chairman, says that in the light of the present uncertainty over the ultimate depth and duration of the economic recession, he does not feel justified in predicting that these rates of growth will be exceeded in the full year.

For the year ended September 30, 1979 both Securicor and Security Services achieved record profits with respective pre-tax figures of £6.63m and £5.07m.

Profits from industrial security in the UK improved from £1.43m to £1.67m, while the overseas result was £73,000 higher at £547,000. Securicor's finance, investment and insurance profits slipped to £652,000 (£683,000) but the contribution from property, hotels and vehicles moved up £137,000 to £400,000.

After tax of £950,000 (£935,000) and minorities, available group profits climbed from £1.2m to £1.37m. Earnings per 25p share of Securicor were up 0.6p to 5.3p and the interim dividend is raised from an equivalent 0.45p to 0.5p net, costing £103,187 (£92,869)—the 1978-79 final was 1.02p.

Turnover of Security increased from £64.38m to £80.58m. Industrial security profits totalled £2.21m (£1.9m) and property, investment and finance activities contributed £442,000 (£387,000).

Earnings per 25p share in Security Services expanded by 1.4p to 5.7p and its interim dividend is stepped up from an equivalent 0.825p to 0.91p net.

● comment

Even if the freight division is moving forward less quickly than predicted—freight and parcels account for some 37 per cent of UK turnover as opposed to the target of more than 40 per cent—the nature of Securicor's traditional businesses implies a healthy degree of proofing against recession. The overseas base, moreover, is set to expand and it is a reasonable bet that the group will develop its 2/50 service and the fledgling electronics alarm ' operation further. Despite the warning of slower second half growth, the shares moved up yesterday with 5p and 3p gains in the Securicor ordinary and "A" ordinary and 5p and 4p rises in the Security Services voting and non-voting equity classes. That does not leave very much to go for. A 10 per cent total dividend increase this year would not be enough to lift the Securicor yield to 2 per cent at 145p voting and 140p non-voting and Security Services offers barely a point more. Given a repeat of first half published profits Securicor is on a p/e of over 13 and the multiple rises to almost 17 in the case of the 52 per cent owned subsidiary whose ordinary and "A" ordinary capital now stands at 147p and 146p respectively.

Steel strike hits Cooper at year-end

THE TRAUMA in the steel industry during the opening months of 1980 has severely affected the results of Cooper Industries and pre-tax profits for the year to April 30 have plunged from £2.05m to £726,000. At halfway the surplus had slipped from £1.28m to £437,000.

As a result of the setback, the board feels unable to recommend a final dividend of more than 0.65p compared with 0.75p last time. This makes the total unchanged at 1.25p.

Tax charged was down from £862,000 to £266,000, and after an extraordinary loss of £74,000 (£43,000 credit), stated earnings per 10p share are 1.4p against 3.7p.

The board says it is taking stern measures within the group in order to achieve a satisfactory performance in current market conditions.

The main activities of the group are steel re-rolling, precision engineering, steel stockholding, fastener and tool distribution, and caravan chassis and trailer manufacturer.

OIL AND GAS NEWS

More good news from Strata's Woodada

BY STEPHEN THOMPSON

ACID stimulation of Strata Oil's Woodada No. 2 appraisal well in Western Australia's Perth Basin has increased the gas flow to a calculated 20m cubic feet a day.

The well, drilled to determine the extent of the original Woodada No. 1 discovery, initially flowed at a rate of 3.8m cubic feet a day following a drill stem test of the interval between 2,309 and 2,460 metres.

Surface pressure following stimulation increased to 2,400 psi compared with 1,100 psi at the time of the initial test.

Bottom hole pressures and complete production test results from Woodada 2 are expected this morning.

Australia's Strata Oil has a 26.95 per cent interest in permit EP-100 on which the discovery was made, while Hughes and Hughes of Texas controls 65 per cent, the UK-registered Hampton Trust 3.5 per cent and a number of local companies and individual investors the remaining 4.55

The Australian natural resources companies Haoma Gold and North West Mining have respective holdings of 16.8 and 25 per cent in Strata Oil.

The latest results almost certainly confirm the Woodada find as a commercial gas field. Strata directors now regard the Woodada No. 2 well to be "at least comparable with Woodada No. 1."

Woodada No. 1 was spudded during May and the initial gas find made on May 26 when it was calculated that the well was flowing at a rate of 1.9 cu ft of gas a day.

Subsequent tests lifted this to 12.5m cu ft a day and when the well was cleaned up and stimulated with acid the flow was increased to 32.38m cu ft a day, a considerable amount by Australian standards.

The importance of the Woodada discovery is greatly increased by its location—only five miles from the existing Dongara-Perth pipeline.

Last week in the quarterly report Strata announced that it has commissioned an engineering feasibility study for channelling initial production testing of the discovery into the Perth pipeline.

The report also announced that Strata has contracted the Richter drilling rig to conduct further drilling on EP-100 in about three months time.

LCP Holdings anticipates loss this year

Trading conditions facing L.C.P. Holdings in the first three months of the current financial year proved exceptionally harsh and difficult, Mr. D. M. Rhead, chairman, reported at the annual meeting yesterday.

Although he expects a second half improvement, Mr. Rhead anticipates the outcome for the current year will be below that for last year.

Brown and Tawse—Chairman, Mr. S. D. Rae told the annual meeting that sales for the first three months were slightly down on last year. While finding it difficult to predict the outcome for the current year. Mr. Rae said that with the diversity of products and financial strength, the company was well placed to see the recession through.

ERF increases market share

ERF Holdings, the UK's sole independent manufacturer of heavy commercial vehicles, increased its share of the 28-ton-plus tractor unit market to 15.1 per cent from 13.8 per cent from April to June this year despite the recession, Mr. Peter Foden, chairman and managing director, told the annual meeting.

However, Mr. Foden reaffirmed his view, expressed in June, that the current economic situation would have as erious effect on the industry and that ERF could not avoid the consequences.

"We are working a two-day week. We have reduced our workforce by the necessary minimum and have frozen all capital expenditure," he said.

But Mr. Foden said that ERF's increased share of a greatly reduced market—down 35.5 per cent from last year—gave the company every reason to be confident about future prospects when the market returned to a more normal level.

GROUP INVESTORS

After all charges including tax of £104,237, against £78,691, net available revenue of Group Investors, investment trust, increased from £150,316 to £212,732 for the year ended June 30, 1980. Gross revenue rose by £58,254 to £489,911.

Earnings per 25p share improved by 0.8p to 3.07p, while a final dividend of 1.8p (1.4p) lifts the total net payment from 2.2p to 2.8p.

Net asset value, after deducting prior charges at par, reached 109p at the year-end, compared with 92.7p last time.

Companies and Markets

BIDS AND DEALS

Stewart Wrightson trims agricultural interests

Stewart Wrightson Holdings, the insurance broker with Lloyd's and agricultural interests, has nearly completed disposal of its farming activities.

In the last accounts the directors said farming was "not compatible with the group's long-term strategy" and yesterday they stressed that the ownership and support of a capital-intensive company outside the group's main activities no longer fitted in with its current plans.

Stewart Wrightson has disposed of 11,045 acres out of a total of 14,235 acres which it farms through Fountain Farming.

To facilitate the disposal, the group has acquired the 25 per cent shareholding and outstanding loan stock in Fountain Farming held by the superannuation schemes of the Electricity Supply Industry. The sum paid has not been disclosed.

Tenancies in Lincolnshire and Hertfordshire totalling 3,905 acres have been taken over by Booker Agriculture International, an associate company of **Booker McConnell.**

Tenancies of three farms totalling 2,265 acres are to be acquired by Mr. Antony Rosen, the present managing director of Fountain Farming, and Mr. Richard Ecroyd, one of Fountain's farming partners. *Disposal of 290 acres* is conditional upon the consent of the existing Fountain Farming partner.

Interests in 4,515 acres will cease either by surrender of the tenancies to the landlords by September 30 or by other means.

The group intends to dispose of the remaining tenancies, totalling 3,190 acres, as soon as practicable.

Fountain Farming has already ceased farming operations on 4,664 acres in Scotland.

The net consideration receivable by the group from these transactions depends on the timing and outcome of asset valuations, including the result of the 1980 harvest. *The financial* consequences of all the transactions and of other disposals will be announced as soon as possible.

The board of Stewart Wrightson stressed yesterday that Fountain Forestry, under its own management team, remains part of the group. It continues to trade profitably and now manages 160,000 acres of forests in the UK.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Automotive Products, Ratcliffs (Great Bridge), Rea Brothers, Stenhouse, Squirrel Horn, Ultramar.

Finals—AGB Research, W. G. Allen, Carrington Investments, Malaysia Rubber, Louis Newmark, Reardon Smith Line.

FUTURE DATES

Interims—	
AI Industrial Products	Aug. 22
De Beers Consolidated Mines	Aug. 19
Higgs and Hill	Oct. 9
Scottish Eastern Invest. Trust	Sept. 1
Stanley (A. G.)	Sept. 5
Tiger Oats & National Milling	Aug. 19
Whittingham (William)	Aug. 21
Finals—	
Brown Brothers	Aug. 27
Capital and National Trust	Aug. 19
County and District Properties	Aug. 18
Dixon (David)	Aug. 15
Jos Holdings	Aug. 19
Martin (R. P.)	Aug. 18
Vibroplant	Aug. 18
Wagon Finance	Aug. 29

BOC sells fish farm interests

Kraft Inc., of Chicago, U.S., has bought Shearwater Fish Farming, part of the Transhield division of **BOC** for an undisclosed sum.

Shearwater, with interests in the UK and France, is one of Europe's leading producers of farmed fish, and Kraft has existing interests in fish farming in Europe.

Mr. Ron Broome, chairman of Transhield said: "This is a sensible move for both companies—it means that the development of food production remains in the hands of a company highly specialised in this field.

"*With the sale of Shearwater,* BOC no longer has any major food interests."

Mr. Broome *will continue to* be a director of Shearwater.

Majority of RITs Savoy stake sold

Rothschild Investment Trust has sold the bulk of its holding *in Savoy Hotel to an unnamed* buyer, believed to be the Kuwait Investment Office.

Rothschild has sold 84,056 "B" shares, representing 6.43 per cent of the class, and 5m "A" shares, totalling 18.1 per cent of the *class, leaving it with 2.1m "A"* shares. Neither Rothschild nor **KIO** was prepared to comment yesterday on the identity of the buyer nor on the price paid.

Rothschild said yesterday that it had retained a small holding because it still thinks Savoy is a good investment, but added that it had received an offer only for the amount actually sold.

Rothschild bought the majority of its holding last October from Grand Metropolitan. At yesterday's price of 127p, the 5m "A" *shares are valued at £6.4m. The* KIO last month bought 2.45m "A" shares from a subsidiary of British and Commonwealth Shipping, increasing its holding to 10.25 per cent. The purchase of the Rothschild stake would leave *it with about 28 per cent*

It would control little over half that percentage of the votes, however, since there is only one vote for every 10 "A" shares, while the "B" shares carry two votes each.

MERGERS CLEARED

The following proposed mergers are not to be referred to the Monopolies Commission:

British Land/United Kingdom Property: Costain Group/County and District Properties: *Eagle Star Insurance/Shield Insurance.*

AMAL. INDS. STOCK REDEMPTION

Johnson and Firth Brown has undertaken to Pearl Assurance, trustees of the Amalgamated Industrials 6¼ per cent debenture stock 1989-94, to offer to acquire the whole of the outstanding stock, amounting to £272,150, at par together with accrued interest.

An offer is expected to be made so as to enable payment to be made to stockholders not later than November 12, 1980.

TILLING OFFER UNCONDITIONAL

Thomas Tilling's offer to acquire all the ordinary shares of Croggon and Co., distributor of wire, wire fencing and allied products, has been accepted in respect of 476,105 ordinary shares (95.22 per cent). The *offer has now become unconditional.*

Dealings are expected to start on the Stock Exchange today.

ZIG ZAG SCAFFOLDS/ INTERFRAME

Grayston Group has purchased, through its subsidiary, **Zig Zag Scaffolds**, 85 per cent of the equity of **Interframe Engineering Company** based in the Midlands.

Interframe Engineering is a manufacturing organisation producing a range of metal equipment for use within the scaffolding industry, and plans have already been made to substantially expand production during the next few months.

NEWCASTLE WATER OFFER

The offer for sale of £5¾m 8¼ per cent preference stock for the *Newcastle and Gateshead Water* **Company** has flopped. Underwriters were required to take up 99.94 per cent of their commitments to the five-year stock. Dealings begin today.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	330	38	5	58	—	70	—	349p
BP	390	11	1	25	10	—	—	"
Com. Union	120	34	1	37	—	—	—	150p
Com. Union	130	24	2	28	—	—	—	"
Com. Union	140	16	33	21	50	25	—	"
Com. Union	160	6	17	11	—	15	—	"
Cons. Gold	550	19	5	35	—	57	—	608p
GEC	420	78	—	98	10	—	—	475p
GEC	500	22	—	44	5	64	—	"
Grand Met.	140	17	—	27	—	31	10	154p
Grand Met.	160	6	5	15	—	18	—	"
ICI	360	18	1	33	—	41	2	360p
ICI	390	7	18	18	—	28	—	"
Land Secs.	353	28	—	43	1	—	—	360p
Land Secs.	390	10	—	25	—	41	10	"
Marks & Sp.	100	6½	2	11	—	15	—	98p
Marks & Sp.	110	3	4	6	—	10	4	"
Shell	420	18	2	31	—	44	—	406p
Shell	460	8	1	18	6	24	—	"
Totals			97		82		26	
		August		November		February		
Imperial Gp.	80	2	145	5½	—	8½	—	81p
Lonrho	74	20	5	26	—	28	—	93p
Lonrho	84	10	—	16½	8	20	—	"
Lonrho	94	4	—	11½	50	16½	10	"
Lonrho	104	1½	17	8	15	11	9	"
Lonrho	114	½	—	4½	32	8	12	"
P. & O.	110	18	2	23	—	25½	—	127p
P. & O.	120	8½	38	15½	10	18	—	"
P. & O.	130	3½	62	8½	2	12	2	"
Racal Elec.	220	69	—	69	10	80	—	278p
Racal Elec.	260	19	—	37	1	49	—	"
Racal Elec.	280	5	1	24	—	38	—	"
Racal Elec.	300	1	—	14½	37	28	—	"
RTZ	420	55	10	82	—	100	—	469p
RTZ	460	15	10	43	14	65	—	"
RTZ	500	3	—	15	2	42	—	"
Totals			290		181		33	

MINING NEWS

West German company takes stake in Ranger

BY GEORGE MILLING-STANLEY

THE WEST GERMAN company **Rheinische Braunohlenwerke** has wasted no time in seizing the opportunity offered by the Australian Government earlier this week for foreign companies to take a stake in the Ranger uranium deposits.

The company, a subsidiary of West Germany's biggest electricity concern **Rheinisch-Westfaelisches Elektrizitaetswerk**, has reached a preliminary agreement to take a 6.25 per cent stake in **Energy Resources of Australia.**

ERA is to be set up by Australia's **Peko-Wallsend** and **EZ Industries**, which together own 50 per cent of Ranger, to acquire the Federal Government's 50 per cent interest in the deposit. It is intended to introduce foreign participation in the development of the *Northern Territory* project, with some 15 per cent being offered to the Australian public.

It was announced in Bonn yesterday that a final contract for the deal would be signed shortly, but it is not yet clear how much the stake will cost.

On Monday, the Australian Government disclosed plans to amend the Atomic Energy Act to help clear the way for potential investment by Swiss, German and Japanese interests in the project. Ranger is expected to produce about 3,000 tonnes of uranium oxide a year by 1982, rising eventually to 6,000 tonnes a year.

Further evidence of foreign interest in Australian uranium was provided yesterday by the announcement that **Queensland Mines** has signed a long-term contract to supply a total of 900 short tons to the Finnish utility **Teollisuuden Voima Oy Industrins Kraft (TVO).**

The contract, which runs from 1981 to 1989, will be filled by Queensland Mines' Nabarlek mine in the Northern Territory. The mine started production in June, and ore reserves are estimated at some 12,000 tonnes.

Some 40 per cent of the mine's estimated annual output of 1,000 short tons is already committed to two Japanese utilities, **Shikoku Electric** and **Kyushu Electric**, which lent Queensland Mines A$75m (£37m) towards the development of the project.

TVO operates a 660 megawatt nuclear power plant in Finland, and plans to bring a second power plant of similar capacity into operation later this year.

The contract, the first signed by an Australian company to supply uranium to a European customer for a decade, is subject to the approval of the Federal Government.

Berjuntai lifts July tin output

THE JULY tin concentrate output figures from the Far Eastern mines in the **Malaysia Mining Corporation** group make a mixed *showing.* The major producer, **Berjuntai**, has done well, however, and the latest monthly figure *brings the mine's total* for the first three months of its current financial year to 941 tonnes compared with 924 tonnes a year ago.

Tronoh has also produced more in the past month but in this case the seven-month total remains well down at 937 tonnes compared with 1,250 *tonnes in* the same period of 1979.

Sungei Besi's latest output of 126 tonnes is an improvement on that of June, but the resultant total for the past four months *is only 467 tonnes compared with* 683 tonnes a year ago. As already reported, operations at the Hong Fatt open-pit are expected to *last on a reduced scale until* the end of the currnet year to next March and the chairman has *forecast* lower production and profits.

After a further improvement *in June, Ayer Hitam has started* its current financial year with a setback in July. No output is reported for **Kamunting** which states that its No. 5 dredge has *remained temporarily shut down* since June 20 pending the acquisition of *additional* reserves. **Southern Kinta's Bernam No. 1** dredge resumed operations on July 11.

	July tonnes	June tonnes	May tonnes
Aokam	114	99	145
Ayer Hitam	98	182	162
Berjuntai	350	294	297
Kamunting	—	2	6
Kramat	27	25	22
Kuala Kampar	21	24	22
Lower Perak	26	22	23
Malayan	251	249	205
S. Kinta Cons.	94	98	116
Sth. Malayan	181	183	147
Sungei Besi	126	116	117
Tongkah Harb.	34	27	45
Tronoh Mines	149	127	131

Offer for Tanjong

THE LISTING of Malaysia's **Tanjong Tin Dredging** on the London Stock Exchange was restored yesterday after a week-long suspension. The company requested the suspension of its shares last week, saying that it was involved in negotiations which might lead to a takeover offer.

It is now announced that the D. Kuok family interests of Malaysia, which have owned 225,000 shares in Tanjong for some time through **Tien Ik Enterprises**, a family company, have acquired a further 160,000 shares at a price of 105p per share for a total of £168,000.

This lifts the family's stake to 25.89 per cent, and they now intend to offer 105p in cash for the remaining 1.01m shares they do not already own. This offer is worth a total of £1.16m

Gopeng Consolidated, the London-registered Malaysian tin producer, yesterday announced that it had disposed of 130,000 shares of Tanjong.

This year's output of Tanjong, a single-dredge concern, is running ahead of last year's unlike many other Malaysian producers. The company's production of tin concentrates *for the first seven months of* 1980 was 161¼ tonnes, compared with 108¼ tonnes at the same stage of last year.

The offer is conditional on the receipt of the necessary consents from the Malaysian authorities. The shares closed last night at 125p.

NEWCONEX WILL CONTROL PEEL

The New York-based **Newconex Corporation**, a subsidiary of London's **Consolidated Gold Fields**, has taken over control of **Pneumatic Electrical Equipment** *(London), known as* **PEEL.**

Newconex was set up in May to group the U.S. oil and gas services interests which Gold Fields bought from **Texas International** in January. These include **PEEL**, **Skytop/Brewster**, **King Oil Tools** and **Mechanical Seal and Service.**

هكذا من الأصل

CURRENCIES, MONEY and GOLD

Dollar recovers

The dollar reversed Tuesday's losses in currency markets yesterday, finishing at its best level of the day. Trading was generally dull and uneventful, and there were no new factors to generate any interest. The dollar finished at DM 1.7820 against the D-mark, compared with DM 1.7795 on Tuesday, and SwFr 1.6435 in terms of the Swiss franc against SwFr 1.6405 previously. The dollar was also firmer against the Japanese yen, rising to Y223.9 from Y222.9. Euro-dollar rates showed an easier tendency during the afternoon, but the underlying trend remained unclear, as dealers awaited some clarification of the U.S. Federal authorities' position on the level of Fed funds. On Bank of England figures, the dollar's trade weighted index was unchanged at 84.2.

Sterling was firmer against European currencies. It also improved against the dollar, but finished at its worst level of the day at $2.3755-2.3765, a rise of just 25 points. It opened around the $2.3825 level and had eased gently to $2.3775 by noon. It touched a low of $2.3755 during the afternoon but recovered to $2.3800, before slipping back to its closing level. On Bank of England figures, the pound's trade-weighted index rose to 75.5 from 75.3, having stood at 75.4 at noon and 75.5 in the morning.

D-MARK—One of the weaker members of the European Monetary System of late, and showing a tendency to ease against the dollar following the turnaround in U.S. interest rates. In previous months tight Bundesbank monetary policy and the sharp fall in U.S. rates led to a decline in the dollar against the German currency — The D-mark was firmer on balance at yesterday's fixing in Frankfurt, gaining ground in terms of the U.S. dollar and sterling, but easing against the Dutch guilder and Swiss franc. Sterling slipped to DM 4.2220 from DM 4.2340 while the Swiss franc rose to DM 1.0854 from DM 1.0845. The dollar was fixed lower at DM 1.7754 compared with DM 1.7849 on Tuesday, and there was no intervention by the Bundesbank. Trading was generally dull with business confined mainly to technical squaring.

DANISH KRONE—Maintaining a steadier tendency within the EMS recently, despite a slight widening in Denmark's trade deficit for June. In 1979 the currency was devalued twice —The krone was marginally firmer in Copenhagen yesterday, although figures released showed a widening in Denmark's trade deficit in June to DKr 1.6bn compared with a revised figure for May of DKr 1.5bn. The dollar was fixed lower at DKr 5.4895 against DKr 5.5160 and sterling slipped to DKr 13.0520 from DKr 13.0778. The French franc eased to DKr 1.3353 from DKr 1.3355, but the D-mark rose from DKr 3.0905 to DKr 3.0920. The Belgian franc was also firmer at DKr 19.37 per BFr 100 against DKr 19.30, while the Dutch guilder was fixed higher at DKr 2.8408 compared with DKr 2.8405 on Tuesday.

JAPANESE YEN—Showing a steadier trend after marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency The yen continued to improve in Tokyo yesterday, and the dollar slipped to Y223.15 at the close, compared with Y225.40 on Tuesday. The U.S. unit opened at Y223.0 and touched a low of Y222.60 at one point, before recovering towards the close.

THE POUND SPOT AND FORWARD

Aug. 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3755-2.3845	2.3755-2.3765	1.55-1.45c pm	7.57	3.75-3.65 pm	6.22
Canada	2.7500-2.7580	2.7525-2.7535	1.65-1.55c pm	6.97	4.25-4.15 pm	6.10
Nethlnd.	4.59-4.62½	4.60¼-4.61¼	3-2c pm	6.51	8¼-7¼ pm	6.73
Belgium	67.25-67.85	67.65-67.75	27-17c pm	3.90	73-63 pm	4.02
Denmark	13.03-13.06	13.04¼-13.05¼	½-1½ore dis	−0.80	2¾-4 dis	−0.98
Ireland	1.1165-1.1230	1.1215-1.1225	0.05-0.10p dis	−0.80	0.05-0.10dis	−0.27
W. Ger.	4.21-4.25	4.23-4.24	3½-2½pf pm	8.15	9-8 pm	8.03
Portugal	117.10-117.90	117.25-117.45	40c pm-15 dis	1.28	80 pm-45 dis	0.60
Spain	171.50-172.05	171.90-172.00	30-85c dis	−4.01	175-270 dis	−5.17
Italy	1,998-2,001	1,996½-1,997½	26-29 lire dis	−16.52	62-65 dis	−12.72
Norway	11.51½-11.56½	11.52-11.53	5½-4ore pm	4.94	14½-13½ pm	4.81
France	9.78½-9.82½	9.80¼-9.81¼	5¼-4¼c pm	5.81	14-13 pm	5.50
Sweden	9.87½-9.91	9.88-9.89	2½-1½ore pm	2.12	6¾-5¾ pm	2.53
Japan	528-536	531½-532½	2.15-1.65y pm	4.28	7.15-6.55 pm	5.15
Austria	29.87-30.00	29.93-29.98	16½-14gro pm	6.11	45-40½ pm	5.71
Switz.	3.87½-3.92	3.90¼-3.91¼	4-3c pm	10.75	11½-10½ pm	11.26

Belgian rate is for convertible francs. Financial franc 68.35-68.45. Six-month forward dollar 5.85-5.75c pm, 12-month 7.85-7.75c pm.

THE DOLLAR SPOT AND FORWARD

Aug. 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3755-2.3845	2.3755-2.3765	1.55-1.45c pm	7.57	3.75-3.65 pm	6.22
Ireland†	2.1200-2.1300	2.1200-2.1220	1.25-1.15c pm	6.76	3.30-3.20 pm	6.11
Canada	1.1572-1.1584	1.1580-1.1584	0.01c pm-0.04dis	−0.15	0.5 pm-par	0.09
Nethlnd.	1.9310-1.9380	1.9355-1.9365	0.06-0.16c dis	−0.68	0.30-0.20 pm	0.52
Belgium	28.34½-28.51	28.49-28.51	5-6½c dis	−2.42	11-14 dis	−1.76
Denmark	5.4825-5.4865	5.4850-5.4865	3½-4ore dis	−8.20	10-10½ dis	−7.47
W. Ger	1.7720-1.7825	1.7815-1.7825	0.12-0.08pf pm	0.67	0.91-0.86 pm	1.99
Portugal	49.25-49.50	49.40-49.50	15-35c dis	−6.07	45-95 dis	−5.66
Spain	72.23-72.60	72.50-72.60	45-65c dis	−9.10	160-190 dis	−9.65
Italy	840.75-841.30	840.75-841.25	15-17 lire dis	−22.83	38-41 dis	−18.79
Norway	4.8480-4.8540	4.8510-4.8525	1.15-1.65ore dis	−3.46	1.75-2.25dis	−1.65
France	4.1130-4.1300	4.1275-4.1300	0.40-0.50c dis	−1.31	0.62-0.77dis	−0.67
Sweden	4.1550-4.1605	4.1580-4.1595	1.55-1.70ore dis	−4.69	3.60-3.75dis	−3.53
Japan	223.00-224.40	223.85-223.95	0.65-0.85y dis	−4.02	0.65-0.85dis	−1.34
Austria	12.57½-12.61	12.60-12.61	1.10-1.70gro dis	−1.33	1.00-2.50dis	−0.55
Switz.	1.6290-1.6440	1.6430-1.6440	0.54-0.49c pm	3.76	2.11-2.06 pm	5.07

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 13	Bank of England Index	Morgan Guaranty Changes%
Sterling	75.5	−30.7
U.S. dollar	84.2	−9.5
Canadian dollar	81.3	−16.7
Austrian schilling	157.1	+24.9
Belgian franc	115.7	+13.9
Danish kroner	107.5	−3.9
Deutsche mark	156.0	+43.6
Swiss franc	198.2	+79.2
Guilder	136.3	+20.3
French franc	101.7	−5.5
Lira	53.2	−51.2
Yen	127.0	+25.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Aug. 12	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.554476	0.597914
U.S. $	10	1.31444	1.41646
Canadian $	10.51	1.52514	1.64621
Austria Sch	6¾	16.6198	17.9111
Belgium F	12	37.4616	40.3903
Danish K	13	7.24585	7.80964
D'mark	7½	2.34614	2.52979
Guilder	9	2.55527	2.75359
French Fr	9½	5.43389	5.85705
Lira	15	1108.07	1194.22
Yen	9	296.669	316.295
Norwgn. Kr.	9	6.39607	6.89319
Spanish Pta.	8	94.9683	102.360
Swedish Kr.	10	5.47727	5.90833
Swiss Fr.	3	2.16383	2.33319

OTHER CURRENCIES

Aug. 13	£	$		£ Note Rates
Argentina Peso	4494-4514	1891-1898	Austria	29.75-30.05
Australia Dollar	2.0485-2.0525	0.8625-0.8630	Belgium	67.90-68.50
Brazil Cruzeiro	129.58-130.58	54.60-54.80	Denmark	12.97-13.07
Finland Markka	8.67⅛-8.68½	3.6368-3.6378	France	9.74-9.81
Greek Drachma	101.709-104.168	42.80-43.00	Germany	4.21-4.24
Hong Kong Dollar	11.74¾-11.76	4.9415-4.9435	Italy	1975-2060
Iran Rial	n.a.	n.a.	Japan	531-536
Kuwait Dinar(KD)	0.655-0.641	0.2676-0.2677	Netherlands	4.58-4.61
Luxembourg Frc.	67.65-67.75	28.49-28.51	Norway	11.50-11.60
Malaysia Dollar	5.0940-5.1060	2.1450-2.1470	Portugal	115-118
New Zealand Dlr.	2.4220-2.4270	1.0195-1.0205	Spain	166½-173¼
Saudi Arab. Riyal	7.86-7.92	3.3160-3.3210	Sweden	9.84-9.94
Singapore Dollar	5.0500-5.0620	2.1245-2.1265	Switzerland	3.87½-3.90½
Sth. African Rand	1.8000-1.8010	0.7575-0.7580	United States	2.37¼-2.38½
U.A.E. Dirham	8.74-8.80	3.6860-3.6910	Yugoslavia	63½-68¼

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.4089	+1.56	+0.53	±1.53
Danish Krone	7.72336	7.80288	+1.03	+0.01	±1.64
German D-Mark	2.48208	2.52712	+1.81	+0.79	±1.125
French Franc	5.84700	5.85768	+0.18	−0.84	±1.3557
Dutch Guilder	2.74362	2.75077	+0.26	−0.76	±1.512
Irish Punt	0.668201	0.669109	+0.14	−0.88	±1.668
Italian Lira	1157.79	1197.18	+3.40	+2.57	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 13	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.376	4.235	532.3	9.808	3.908	4.608	1997.	2.753	67.70
U.S. Dollar	0.421	1.	1.782	224.0	4.128	1.645	1.939	840.5	1.159	28.49
Deutschemark	0.236	0.561	1.	125.7	2.316	0.923	1.088	471.5	0.650	15.99
Japanese Yen 1,000	1.879	4.464	7.957	1000.	18.43	7.341	8.657	3752.	5.172	127.2
French Franc 10	1.020	2.423	4.318	542.7	10.	3.984	4.698	2036.	2.807	69.03
Swiss Franc	0.256	0.608	1.084	136.2	2.510	1.	1.179	511.1	0.705	17.35
Dutch Guilder	0.217	0.516	0.919	115.5	2.129	0.848	1.	433.4	0.598	14.69
Italian Lira, 1,000	0.501	1.190	2.121	266.5	4.911	1.957	2.307	1000.	1.379	33.90
Canadian Dollar	0.363	0.863	1.538	193.3	3.562	1.419	1.674	725.4	1.	24.59
Belgian Franc 100	1.477	3.510	6.256	786.2	14.49	5.772	6.806	29.50	4.066	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 13)

3 months U.S. dollars		6 months U.S. dollars	
bid 10 3/16	offer 10 5/16	bid 10 11/16	offer 10 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Aug. 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	16-16¼	9⅛-9⅝	9-10	10-10⅛	5½-6	8⅝-8¾	11-11¼	14-19	9-9⅛	13¾-14¼
7 days' notice	16⅝-16⅞	9¼-9½	9-10	10-10 1/16	3¼-4¼	8⅝-8¾	11-11¼	38-43	9⅜-9½	13¾-14¼
Month	16⅛-16¾	9 7/16-9 11/16	9½-9⅞	9 13/16-9 15/16	5 13/16-5 15/16	8½-8⅝	11-11¼	33-35	9 5/16-9 7/16	12½-12¾
Three months	16½-16¾	10 1/16-10 3/16	10¼-10⅝	9¾-9⅞	5¼-5⅜	8 1/16-8 3/16	11-11¼	28-29½	10¼-10⅜	11½-11¾
Six months	15⅞-16⅛	10⅝-10⅞	10¾-11⅛	9¾-9⅞	6¼-5⅜	7⅞-8	11⅛-11⅜	27-28½	10⅝-10¾	11-11⅛
One Year	14⅛-14¾	10 13/16-11 1/16	11-11⅝	9 9/16-9 11/16	5 5/16-5 7/16	7 11/16-7 13/16	11⅜-11⅝	23½-25	10 11/16-11 1/16	9¾-10

Long-term Eurodollar two years 11½-11¾ per cent; three years 11⅝-11⅞ per cent; four years 11⅞-12⅛ per cent; five years 12-12¼ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.55-9.65 per cent; three-months 9.90-10.00 per cent; six-months 10.20-10.30 per cent; one year 10.30-10.40 per cent.

INTERNATIONAL MONEY MARKET

Dutch rates steady

Interest rates continued to show a steady tendency in Amsterdam yesterday, with short term money quoted at around the same level as the Lombard rate. Call money stood at 9¾-10 per cent against 9¾-10¼ per cent previously, while period rates of three-months and above showed a slightly easier trend. The market as a whole remained undecided as to whether there was room at the moment for a further cut in key lending rates. The discount rate was last changed on July 21, when it fell from 9½ per cent to 9 per cent. However some sources suggested that the authorities would wait until the meeting of the West German Bundesbank central council on August 21. Any easing of interest rates at that meeting would almost certainly lead to further relaxations in Holland's key lending rates.

In Frankfurt call money continued to ease, and was quoted at 8.80-8.90 per cent, down from 9.10-9.25 per cent on Tuesday, and now stands at its lowest level for almost four months. Interbank rates up to six-months also showed an easier tendency.

In Singapore the authorities announced an issue of S$70m of 91-day Treasury bills for take up between August 18 and August 22. This is to replace S$80m of maturing bills, and marks the first time since last April that the authorities have failed to cover the number of maturing bills, probably in order to help local money market conditions, which have been very tight recently.

GOLD

Slight rise

Gold rose $4 an ounce in the London bullion market yesterday in extremely quiet trading to close at $613-616. The metal opened at $614-617 and touched a best level around noon of $616½-617¼. Trading was very quiet and uneventful, and gold traded within a narrow band of less than $5.

In Paris the 12½ kilo bar was fixed at FFr 82,700 per kilo ($624.85 per ounce) compared with FFr 82,600 ($625.09) in the morning and FFr 82,500 ($620.71) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,225 per kilo ($617.02 per ounce) against DM 35,265 ($614.47) previously, and closed at $614-617 against $613-614½.

In Zurich gold finished at $613-616 compared with $606-609 on Tuesday.

	Aug. 13		Aug. 11	
Gold Bullion (fine ounce)				
Close	$613-616	(£257¾-259)	$609-612	(£256¾-258¼)
Opening	$614-617	(£258¼-259½)	$612-614	(£258-259)
Morning fixing	$615.95	(£258.966)	$613.25	(£258.592)
Afternoon fixing	$615.35	(£258.617)	$605	(£254.898)
Gold Coins				
Krugerrand	$633-635	(£266¼-268¼)	$632-634	(£266¼-268¼)
Mapleleaf	$627-631	(£263¾-265¾)	$624-626	(£263-265)
New Sovereigns	$155½-156½	(£65⅛-66½)	$154½-155¼	(£65¼-66¼)
King Sovs	$183-185	(£77-78)	$181-183	(£76¼-77¼)
Victoria Sovs	$183-185	(£77-78)	$181-183	(£76¼-77¼)
French 20s	$161-163		$159½-162½	
50 pesos Mexico	$762-767		$753-757	
100 Cor. Austria	$602-606½		$595-599	
$20 Eagles	$745-749		$742-746	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance on a moderate scale. This comprised small purchases of Treasury bills and local authority bills, all from the discount houses, and moderate loans to 4 or 5 houses at MLR for repayment today. The market was faced with the unwinding of a previous sale and repurchase agreement of a very large number of commercial bills, and the repayment of Tuesday's small market advances. On the other hand, Government disbursements exceeded revenue transfers to the Exchequer by a moderate amount.

In the interbank market overnight money opened at 16¼-16½ per cent but dipped to 15¼-15½ per cent, with discount houses taking money at this level. Later in the day money was rather tight and funds traded for some time between 25 per cent and 30 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11
Fed. Funds	8¾-8½
Treasury Bills (13-week)	8.52
Treasury Bills (26-week)	8.79
GERMANY	
Discount Rate	7.5
Overnight Rate	8.85
One month	9.225
Three months	8.95
Six months	8.625
FRANCE	
Discount Rate	9.5
Overnight Rate	11.0
One month	10.96875
Three months	10.96875
Six months	11.0
JAPAN	
Discount Rate	9.0
Call (Unconditional)	12.5
Bills Discount (three-month)	12.8875

LONDON MONEY RATES

Aug. 13 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15½-30	—	—	—	16¼	15-16	—	—	—
2 days notice	—	—	16⅜-16½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16¼-16½	16½-16⅝	—	16⅞	16⅝-16⅞	15½-15¾	—	—	—
One month	16½-16⅜	16½-16⅝	16⅜-16⅝	17⅝-18	16⅞	16⅞-17	15⅝-15¾	14[illegible]	16[illegible]-16½	17⅛
Two months	16½-16⅜	16½-16⅝	—	17⅝-17⅞	16⅞	—	15⅜-15½	14[illegible]	16[illegible]-16[illegible]	16¾
Three months	16⅜-16¼	16 7/16-16 9/16	16¼-16½	17-17½	16¾	16¾	15⅛	14[illegible]-14[illegible]	15¾-16[illegible]	16⅝
Six months	15 1/16-15⅛	15¾-17⅞	15¼-16	15½-16	16¼	16⅝	—	—	14[illegible]	15¼
Nine months	15 1/16-14⅞	15-15¼	—	15½-15⅞	15⅝	16	—	—	—	—
One Year	14½-14¼	14⅝-14¾	14⅝-14¾	14½-15	14⅞	15⅛	—	—	—	—
Two years	—	—	14⅝-14⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 14-14⅛ per cent; four years 13¾-14⅛ per cent; five years 13¾-14⅛ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅞ per cent; four-month trade bills 16⅞ per cent.

Approximate selling rate for one-month Treasury bills 14 21/32-14 23/32 per cent; two-month 14 25/32-14 27/32 per cent; three months 14 25/32-14 27/32 per cent. Approximate selling rate for one-month bank bills 16 5/16-16⅛ per cent; two months 16 1/16-16 3/32 per cent; three months 15 29/32-15 31/32 per cent; one-month trade bills 16⅞ per cent; two-months 16½ per cent; and three-months 16⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from August 1, 1980. Clearing Bank Deposit Rate for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills Average tender rates of discount 14.9565 per cent.

APPOINTMENTS

Dalgety Spillers Board

The following have been appointed to the Board of DALGETY SPILLERS, the company which will manage the UK activities of Dalgety UK Ltd. and Spillers Ltd.: Mr. G. Terry Pryce (group managing director of Dalgety) chairman and chief executive; Sir Gwilym T. Williams, non-executive director; Mr. J. Andrew Turner (group chief executive and deputy chairman of Dalgety), non-executive director; Mr. John G. T. Hart (an executive director of Dalgety), non-executive director; Mr. John V. Bradbury (chief executive of the malting division and chairman of Associated British Maltsters), executive director; Mr. Robert N. Harris (an executive director of Spillers), executive director; Mr. Geoffrey R. John (chief executive of the foods division and currently managing director of Spillers Foods), executive director; Mr. Keith M. Parker (chief executive of the chemical division and chairman of Dalgety Chemicals), executive director; Mr. Maurice E. Warren (chief executive of the agricultural division, deputy managing director of Dalgety UK and an executive director of Spillers), executive director; and Mr. Robert E. Calderan, secretary.

★

The Trade Secretary has made the following appointments to the EXPORT GUARANTEES ADVISORY COUNCIL. Mr. A. J. O. Ritchie has been appointed deputy chairman in succession to Lord Kindersley. Mr. Ritchie is deputy chairman of Grindlays Bank and has been a member of the Council since 1977. Mr. J. N. Scott, director of contracts of the General Electric Company, and Mr. J. F. Main, director (chairman, export division), of Rowntree Mackintosh, have been appointed to the Council. They replace Dr. W. H. Darlington and Mr. H. W. A. Francis. Mr. R. J. Dent, managing director of Baring Brothers and Co. has also been appointed a member of the Council.

★

Mr. David Johnstone and Mr. Oliver Stutchbury, directors of Dartington and Company, have joined the Board of FEDERATION MUTUAL INSURANCE.

★

At ANDERSON STRATHCLYDE Mr. J. M. Little has been appointed deputy chairman and chief executive; Mr. J. R. Mowat, managing director; and Mr. J. R. Morris, group director — international. Mr. H. A. Mavor becomes secretary from August 14 following the retirement of Mr. R. M. Clive.

★

Mr. R. K. Hayward, a partner of Sir William Halcrow and Partners, has been appointed joint managing director of HALCROW-EWBANK PETROLEUM AND OFFSHORE ENGINEERING COMPANY following the retirement of Mr. C. J. Antonakis, who has also retired as a director of Halcrow-Ewbank (U.S.A.) Inc. and an associate of Sir William Halcrow and Partners.

★

The policies of the British Road Services group of companies have for many years been controlled by a committee comprising the managing directors of the eight regional companies, and controllers responsible for functions on a group basis. The members of this group policy committee are being made directors of BRITISH ROAD SERVICES LTD. (the main Board) and will continue to formulate group policy. The new appointments are: Mr. J. L. Copeland (Scottish Road Services), Mr. R. G. Fortune (North Eastern BRS), Mr. I. D. Blundell (North Western BRS), Mr. L. W. Atkinson (Eastern BRS), Mr. G. S. Abel (Midlands BRS), Mr. R. W. Irons (Western BRS), Mr. J. Farrant (Southern BRS), Mr. E. J. Shortland (Morton BRS), Mr. M. D. Bedeman (membership services), Mr. K. P. H. Fielding (planning and development), Mr. T. Larman (finance), Mr. G. Simmons (marketing), and Mr. C. A. Williams (personnel).

★

Mr. Roger Harrop has been appointed managing director of INTERLUBE SYSTEMS, Plymouth, a member of the Tecalemit Group. He succeeds Mr. Peter Seldon who has been promoted to divisional executive chairman—new activities division.

★

Mr. Michael J. Boxford has been appointed a director and group chief executive of BOOSEY AND HAWKES. He succeeds Mr. Anthony G. Kilby who becomes deputy chairman. Both appointments take effect from September 8.

INTERNATIONAL COMPANIES and FINANCE

Acquisition problems cut profits at Paine Webber

BY DAVID LASCELLES IN NEW YORK

OPERATIONAL PROBLEMS connected with the acquisition of Blyth Eastman Dillon persisted *in the latest quarter* to cause a sharp drop in earnings at Paine Webber. The Wall Street *brokerage* firm also announced yesterday that the Securities and Exchange Commission may sue it for alleged violations of securities regulations.

Paine Webber's third quarter net income was \$3.9m. or 44 cents a share. down from \$4.6m or 77 cents in the same period last year. However, revenues nearly doubled from \$135m to \$259m. pointing to a sharp reduction in margins.

The \$45m acquisition of Blyth last December caused problems for *Paine Webber* right from *the start*. But the back-room snarl-up was aggravated by the heavy trading activity on Wall Street *earlier this year*. Paine Webber revealed yesterday that it has been forced to ask the SEC for an extension of the deadline to tot up its securities accounts and eliminate discrepancies. Normally unreconciled discrepancies are charged *against a broker's capital*.

Paine Webber said yesterday that the cost of correcting these "operational difficulties" was \$21.9m in the quarter. However, this was partly offset by improvements in other business areas such as fixed *income* securities trading.

Mr. Donald Marron, president, said that "although much work remains to be done, Paine Webber's operations have improved sharply in recent months."

As for the SEC charges, Paine Webber said it had been advised by the commission staff that proceedings were possible over alleged violations earlier this *year of broker-dealer* and public disclosure regulations. None of these possible violations relates to current operations, Paine Webber said, although it did not elaborate.

Korvettes reinstate Ris as chairman

By Our New York Staff

IN YET another surprise development in the saga of the troubled French-owned New York department store *chain Korvetts, the company* last night announced it had reinstated its chairman, Mr. Joseph Ris, who resigned unexpectedly last Thursday.

Mr. Ris, who was appointed chairman last May, resigned after Agache-Willot, Korvettes French *parent, apparently* rejected his proposals for the financial rescue of the ailing New York chain.

This was followed by a decision by Korvettes' main lenders, including three New York banks and the *Prudential Insurance Company*, to call in the chain's outstanding \$55m loans.

The *banks also seized the deposits* of Korvettes at the weekend in part payment of *their outstanding loans*.

The reinstatement of Mr. Ris coincides with the arrival in New York of Mr. Jean Pierre Willot, head of Agache Willot, the French retailer.

Mr. Willot is expected to propose to Korvettes' lenders a new plan for the settlement of the store group's debt.

Steady growth at Anderson Clayton

By Our Financial Staff

A STRONG performance in the final quarter has brought earnings for fiscal 1980 at Anderson Clayton, the consumer foods and oil feed products manufacturer, up to *the predicted* \$4.00 a share mark.

Total net for the year is 8 *per cent higher at \$52.7m*, on sales 13 per cent higher at \$1.7bn.

In the fourth quarter, earnings *gained* 14 per cent to \$13.1m or \$1.02 a share on sales *7 per cent higher at \$416.2m*. At the nine-month stage sales were 19 per cent higher and *earnings 6.2 per cent ahead*. Analysts have forecast that earnings will be maintained

Substantial contributions to income came from Brazil and Mexico.

Downturn at Avis reduces Norton Simon earnings

BY OUR FINANCIAL STAFF

NORTON SIMON, the diversified *U.S. consumer products* company, reported a 4.5 per cent fall in net profits for the *fourth quarter and nearly flat* profits for the fiscal year ended June 30.

Fourth quarter profit slipped to \$32.57m or 67 cents a share on revenues of \$812.5m against \$748.8m a year earlier. Fiscal year profits were \$124.7m or *\$2.57 a share on sales of* \$3.01bn against \$124.3m or \$2.52 on sales of \$2.76bn

Among its main divisions, Norton Simon said Avis vehicle rentals produced lower profits *in fiscal 1980 while Max Factor* cosmetics had a moderate profit against a sizeable loss a year earlier.

Bank rejects Tamraz bid

BY OUR FINANCIAL STAFF

NORTHERN STATES Bancorp has rejected a previously reported acquisition proposal from a Paris-based group of Middle East investors led by Mr. Roger Tamraz.

The Michigan-based multi-bank holding group, which has divested itself of one Michigan bank since the beginning of the year and talked about selling *two others to reduce debt*, said the Tamraz group did not submit a "definitive" proposal with specified terms "to establish that such an acquisition could *be accomplished*."

First Arabian Corporation, *which made the proposal earlier* this summer, was willing to offer \$16.8m for Northern States' 2.8m shares outstanding, and wanted to merge City National Bank of Detroit, the holding company's lead bank, with Bank of the Commonwealth, a Detroit bank which is 77 per cent owned by First Arabian.

\$128m bid for Buttes Gas

By Robert Gibbens in Montreal

SCEPTRE RESOURCES, a Calgary oil and gas exploration company associated indirectly with Power Corporation of Canada, has made a bid for all the shares of Buttes Gas and Oil Company of Oakland, California. Price proposed is U.S.\$28 cash per share, worth a total of some \$128m.

Power Corporation is a major holding company controlling several billion dollars in assets through subsidiaries

In Oakland, Buttes put out a statement saying it had received an unsolicited letter from Sceptre *inviting* its management to negotiate the purchase

However, Buttes also said the proposed offer price was substantially below break-up value.

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INTERNATIONAL CAPITAL MARKETS

Deferred purchase Eurobond debut

BY NICHOLAS COLCHESTER

ON A rather brighter day in the Eurodollar bond market Credit Suisse First Boston yesterday rolled out its latest innovation—an \$80m "deferred purchase bond" for Alcoa of Australia.

The essence of this fixed interest Euro-bond is that 25 per cent of the principal amount is due on September 4 and the balance on January 15, 1981. *The coupon is 12 per cent* until maturity on January 15, 1988—the first coupon is payable on *January 15, 1981, representing* interest on the initial \$20m payment for the four-month period.

The bond resembles a "partly *paid*" *security except that its* lead-time is rather longer. Deferred payment is quite common with *U.S.* private placements but CSFB believes this to be the first public quoted Eurodollar bond of its type.

Hans-Jorg Rudloff of CSFB claims that the deferred payment is right for investors in a market which is "unsettled at the moment but optimistic in the longer term." He reckons that Alcoa "saves 50 basis points because the investor can overlook the current state of *the market*." Both borrower and investor are locked into a 12 per cent coupon for eight years —in four months' time. "We have combined the financial futures market with the Eurobond market," Mr Rudloff concludes triumphantly.

From the investment banking point of view the issue has the advantage that the underwriters *immediately risk taking* only a fairly small amount of paper into their well-charged books while still arranging a financing of reasonable size. The fees accrue in full today; the problems of January are *left to* January, or side-stepped in the interim.

White Weld Securities will maintain a market in the partly paid bonds, *which could prove* volatile because of the leveraged effect of the day of reckoning in January. CEDEL will be notifying all participants of the *second payment date*.

Prices of Eurodollar bonds were half a point better yesterday after the sharp decline of the previous day and prompted some *investor interest*, notably from Swiss banks. The market was helped by a steady New York bond market and by falls in short-term dollar interest rates.

The European Coal and Steel Community is raising DM 150m on the Deutsche Mark *foreign* bond market through Deutsche Bank and Dresdner Bank. The coupon is 7½ per cent and the issue has an average life of 8½ years.

In the hard currency secondary markets the Deutsche *Mark and Swiss* franc markets showed gains of ½ point.

Credit Commercial de France (Suisse) launched a SwFr 60m ten-year straight public issue *for* Tunnel Routier sur le Mont Blanc. The bonds carry a coupon of 5½ per cent and are guaranteed by the French Government. Priced at 100¼ their offered yield is 5.4 per cent. Meanwhile, a SwFr 50m privately placed convertible issue for Sumitomo Metals and Mining, lead managed by Credit Suisse, was priced at par and the coupon fixed at 5¼ per cent. The maturity is five years and the conversion premium is just under 10 per cent.

DM 150m placement by World Bank

By David Marsh

THE World Bank has just completed a further DM 150m private placement on the German capital market, rounding off a prolific spell of fund-raising in Deutsche Marks that has netted almost DM 2bn this summer.

The latest placement was with DG Bank, the central *institution* of the German co-operative banking system. The issue, for 10 years at 8 per cent and priced at 100.50, was placed with the help of other European co-operative banks.

Part of the bank's D-Mark borrowing in the past two *months has come from Middle* Eastern sources. Some placements were tied up before *Saudi Arabia and Kuwait* declared that they would stop loans to the World Bank over its refusal to grant observer status to the Palestinian Liberation Organisation at this autumn's annual meeting.

The dispute has, however, stopped at least one Middle East borrowing going through, although the bank says it *quickly found a replacement*.

According to details released by the World Bank yesterday, its summer fund-raising programme started off with a DM 150m placement through Deutsche Bank and the Kuwait Foreign Trading, Contracting and Investment Company, which was completed in June but counted towards financing for the bank's fiscal year which started on July 1.

Following the publicised DM 700m issue with the Deutsche Bank, DM 200m of which was placed directly with Saudi Arabia, the bank sold DM 150m of Schuldscheine (promissory notes) through the Deutsche Bank and placed DM 152m with the Bundesbank.

The Bundesbank transaction involved the refinancing of a five-year note issue which had reached maturity.

At the end of last month *Deutsche*—the World Bank's main issue manager in Germany —planned to launch another issue, for DM 200m, with the KFTCIC. The plan was scrapped however after the Kuwaiti Government refused to grant authorisation for the issue as a result of the row over the PLO. As a replacement Deutsche Bank brought out a DM 200m note issue for the bank with three German co-managers.

The World Bank also made two separate DM 200m placements with German landes*banks, the Baden-Wuerttem*burgische Bank and the Landesbank Rheinland-Pfalz. These *were more in the nature of* credit operations rather than bond issues, with one of the *placements syndicated* among other German landesbanks.

Brazilians seek \$500m credits

BY FRANCIS GHILES

BRAZILIAN borrowers are at present negotiating more than *\$500m worth of syndicated* Eurocredits. Arab Banking Corporation and Arlabank have offered the Brazilian central bank a \$300m standby facility, which is being syndicated for the most part among Arab banks.

The final maturity of this facility is eight years but the full \$300m can only be drawn *for a cumulative total of three* years. The borrower is paying a margin of ½ per cent for the first four years falling to ⅜ per cent. The commitment fee on the undrawn portion of the loan has been set at ⅛ per cent.

The funds can be drawn for *periods of one, three or six* months but there is a 15-day "clean up" period—when all the funds borrowed must be repaid to the banks—between each rollover. This new formula gives flexibility to the borrower but also ensures that he does *not siphon short-term* money to meet long-term commitments.

The loan for Telebras has *ben closed at \$165m. Joint lead* managers of this loan, which includes a margin of 1⅞ per cent for eight years, are *Bank of America*, Canadian Imperial Bank of Commerce, Credit Lyonnais, Skandinaviska Enskilda, and Sumitomo Bank.

Bank of Tokyo, meanwhile, is sounding out the market with the view to arranging a \$250m loan for another Brazilian borrower, Siderbras. The response, so far, however, has proved lukewarm, which suggests that the amount might be trimmed and that the terms initially indi*cated, which are* identical to those on the Telebras loan, might have to be revised upwards.

Following the mandate awarded for the \$250m Republic of Argentina loan last week, the next borrower from that country expected later this month or early in September is Yacimientos Petroliferos Fiscales, for \$250m.

Rumours suggesting the imminent appearance of a *\$500m jumbo* loan for the Kingdom of Spain seem, to bankers who monitor the country closely, *to be without foundation. There are two reasons:* first, August is not noted for great activity in Spanish banking and industry; second the country's reserves stand at a healthy \$12bn.

Union Bank of Switzerland is, meanwhile, completing a \$200m 10-year loan for the Dutch chemical company, Akzo, which includes a margin of ½ per cent for the first four years rising to ⅝ per cent for the next four and ¾ per cent for the remaining *three years, or six years* if the borower takes up the option of extending the loan's maturity.

AMERICAN QUARTERLIES

CLOROX	1980	1979
Fourth quarter	\$	\$
Revenue	178.9m	153.7m
Net profits	9.14m	8.24m
Net per share	0.40	0.36
Year		
Revenue	637.4m	565.4m
Net profits	33.21m	29.52m
Net per share	1.44	1.30

DILLON COMPANIES	1980	1979
Fourth quarter	\$	\$
Revenue	566.3m	476.1m
Net profits	7.35m	9.28m
Net per share	0.46	0.58
Year		
Revenue	2.08bn	1.79bn
Net profits	27.39m	33.59m
Net per share	1.70	2.08

TAMPAX	1980	1979
Second quarter	\$	\$
Revenue	45.2m	44.7m
Net profits	7.98m	8.69m
Net per share	0.71	0.77
Six months		
Revenue	101.0m	98.2m
Net profits	19.9m	20.8m
Net per share	1.77	1.64

TANDY	1980	1979
Fourth quarter	\$	\$
Revenue	320.97m	281.11m
Net profits	30.41m	20.0m
Net per share	1.23	0.76
Year		
Revenue	1.38bn	1.22bn
Net profits	112.24m	82.23m
Net per share	4.47	3.23

SANTA FE INTERNATIONAL	1980	1979
Second quarter	\$	\$
Net profits	13.6m	6.03m
Net per share	0.29	0.64
Six months		
Revenue	528.6m	252.3m
Net profits	26.6m	†8.9m
Net per share	1.25	†0.42

† Loss

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	86⅝	87⅛	−0⅛	−1⅛	13.19
CECA Grad. Rate 12 86	100	95⅞	96⅜	0	−1½	12.10
CECA 11⅝ 90	50	95½	96½	−0⅛	0	12.34
CECA 11½ 88	100	96⅞	97⅜	+0⅝	−0⅞	12.07
Citicorp O/S Fin. 10 86	300	91⅜	91⅞	+0⅛	−0½	12.05
Con. Illinois O/S 9¾ 86	150	90⅛	90⅝	+0⅛	−0¾	12.12
Denmark 11¼ 90	100	94⅞	95¼	+0½	−1¼	12.62
Dome Petroleum 13½ 92	50	100	100½	+0½	−0½	13.43
EEC 11 95	75	90⅞	91⅛	+0⅛	−1¼	12.32
EIB 11⅛ 92	80	92⅝	93⅛	0	−1⅛	12.95
EIB 12¾ 90	100	103⅞	104⅜	0	−0¾	13.00
Eksportfinans 11¼ 87	50	96⅞	97⅜	0	−0¾	11.88
Eksportfinans 9½ 87	75	88	88½	−0⅛	−1⅛	12.09
Elec. de France 10 88	125	90⅛	90⅞	−0⅝	−1½	11.89
Export Dv. Cpn. 12¾ 87	100	102¼	102¾	−0⅛	−1⅛	12.16
Export Dv. Cpn. 9½ 86	150	90⅜	90⅞	−0⅜	−1⅜	11.91
Federal Dev. Bk. 12¼ 85	75	100⅝	101⅛	−0⅛	−1¼	11.96
Fin. Exp. Credit 10½ 85	50	96¼	96¾	+0⅝	+0¼	11.46
Finland Rep. of 9½ 86	100	88	88½	0	−1⅜	12.51
Ford O/S Fin. 12⅝ 85	250	97⅞	98⅜	+0⅛	−0⅜	13.14
George Weston 13½ 87	30	100	100½	0	−0⅝	13.41
GMAC O/S Fin. 11 84	100	97⅜	97⅞	+0⅛	−0¾	11.69
GMAC O/S Fin. 13⅞ 85	100	103	103½	+0⅛	−1	12.37
Goodyear O/S 12½ 87	75	96¾	97¼	+0⅛	−0⅛	13.17
Hudson's Bay 11½ 90	75	92⅞	93⅜	−0⅛	−1⅞	12.75
IBM Canada 10½ 85	50	96⅜	96⅞	−0⅛	−1⅛	11.42
ICI Fin. Ned. 11 83	100	99¼	99¾	+0⅛	+0¼	11.18
McGraw 13½ 85	75	99⅝	100⅛	0	−0⅞	13.49
Norwest Ind. 13⅝ 87	50	99⅜	99⅞	+0½	−0¼	13.67
Nova Scotia 10¾ 90	50	90½	91	0	−0¾	12.41
OKB 10 85	50	94½	95	+0⅛	−1⅝	11.44
Pembroke Capital 9⅝ 87	100	91	91½	0	−1⅛	11.52
Pemex 11½ 88	100	93⅞	94⅜	+0⅛	−1⅜	12.71
Quebec Hydro 11½ 92	100	92⅝	93⅛	+0⅛	−1⅛	12.68
Repsteel O/S 11½ 88	100	89⅜	89⅞	+0⅛	−1	13.72
Roylease Ltd. 11¼ 85	50	97⅝	98⅛	+0⅛	−0⅛	11.83
SNCF 12½ 85	50	102¼	102¾	+0⅛	−0¼	11.63
Swed. Ex. Cred. 12½ 85	40	100	100½	−0⅛	−1⅛	12.38
UB Finance BV 11 90	50	87	87½	+0⅛	−1	13.39
Unilever NV 9¾ 90	100	87⅜	87⅞	−0⅛	−1	11.94
World Bank 9¾ 85	200	93¾	94¼	−0⅛	−1⅛	11.41
World Bank 10¼ 87	300	93¾	94¼	0	−1¼	11.55

Average price changes... On day +0⅛ on week −1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	102⅞	103⅜	0	+0½	8.49
Australia 8½ 90	250	103	103¾	+0½	0	7.60
BFCE 7¾ 87	100	100¼	101¼	0	+0¼	7.58
BFCE 8⅛ 95	100	100⅜	101⅛	0	−0⅛	8.00
Brazil 8 87	150	92½	93½	−0⅛	−0½	9.44
Council of Eur. 7¾ 89	100	96⅜	96⅞	+0¼	−0⅛	7.81
Denmark 7⅞ 86	100	99	99¾	+0½	0	8.00
Denmark 8¼ 92	100	99½	100	−0½	+0⅛	8.27
EEC 7⅞ 94	225	99	99½	0	−0⅛	7.96
Iberduero 9 90	100	98⅛	99⅛	−0⅛	−0⅛	9.19
Finland Rep. of 8 86	150	100⅞	101⅝	+0⅛	+1½	7.73
Kobe, City of 7¼ 89	150	95¾	96½	0	−0⅛	7.73
Kobe, City of 8 90	100	100½	101½	+0⅛	+0¼	7.88
Mt. Bk. Denmark 8½ 90	150	100⅛	101⅛	+0⅛	+0⅛	8.38
Norway 7½ 85	250	100⅞	101⅝	+0⅝	+0⅝	7.14
OKB 7½ 89	100	96¼	96⅞	0	−0½	7.92
OKB 8¼ 92	150	100⅞	101⅛	+0½	+0½	8.09
Oslo, City of 8¼ 90	80	102⅜	103¼	+0¼	+0⅜	8.27
Sweden 9¾ 87	200	107¾	108½	−0⅛	−0⅛	8.10
World Bank 8 90	700	100	100½	+0⅛	−0⅛	7.96
World Bank 7⅞ 90	250	98⅞	99⅝	0	−0⅛	7.98
World Bank 10 86	150	108¼	109	+0⅛	−0⅛	8.04
World Bank 10 90	200	112¾	113½	+0⅛	+1⅛	7.99

Average price changes... On day +0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	†91½	92	+0⅛	−1½	6.76
Bergen, City of 4¾ 91	40	93	93½	−0⅝	−0⅛	5.61
Bergen, City of 6 90	50	103⅞	104⅛	−0¼	+0⅛	5.46
BNDE 5 89	75	†84	84½	−0⅛	0	7.47
BMW Overseas 4¼ 91	100	93	93¼	+0⅛	+0¼	5.07
Buhrm'n-Tetterode 7 90	40	105¾	106	+0⅛	+0⅛	6.17
Caisse Nat. Tele. 4½ 89	100	94⅝	94⅞	+0⅛	+0½	5.12
Copenhagen 4½ 91	60	†88	88½	0	−1¼	5.97
Council of Eur. 5 89	100	95¼	95½	0	0	5.65
Denmark 5¾ 90	80	100⅛	100⅝	+0¼	+0⅞	5.68
EIB 4½ 94	100	88	88¼	−0¼	+0⅛	5.62
Elet. de France 4½ 89	100	94¾	95	+0⅛	+1⅛	5.10
F. G. H. Hypo. Bk. 6 90	50	†103¾	104	−0¼	+1	5.48
GZB 4¾ 89	100	90¾	91	+0⅜	−0¼	5.64
Hilti 4½ 91	35	†94½	95	−0½	+1½	4.87
Int.-Amer. Dev. 4½ 89	100	91⅝	91⅞	+0⅛	+0¼	5.70
Int.-Amer. Dev. 7 90	80	106	106½	0	+0⅛	6.12
Jutland Tele. 5½ 90	50	98¾	99	−0⅛	−1⅛	5.65
Malaysia 5 89	80	88½	89½	+0⅝	+0⅝	6.64
Newag 5¾ 90	80	102¼	102½	+0⅛	+0⅝	5.43
Nippon Tel. & T. 4¾ 89	100	94⅞	95⅛	+0¼	+0¼	4.94
Nordic Bank 5 89	45	98¾	99	0	+2⅛	5.16
Norges Komm. 4½ 91	100	91¾	92	0	−0⅞	5.36
OKB 4½ 91	100	91½	91¾	−0½	−0⅛	5.39
OKB 6 90	100	†103	103¼	−0⅛	+0⅛	5.57
Oslo, City of 4⅝ 91	100	88¾	89	−0¼	−0⅜	5.75
Sekisui Pre. Hms. 6 90	80	†103	103¼	+0¼	+0½	5.58
Shikoku El. Pwr. 4¾ 89	100	95¾	96	+0⅛	−0⅝	5.34
World Bank 4⅝ 89	100	96¾	97	+0½	+0⅝	5.07
World Bank 4⅛ 89	150	90¾	91	+0⅛	−1	5.68
World Bank 4⅝ 91	100	90¾	91	−0⅛	−1	5.75

Average price changes... On day +0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅞	92⅝	0	0	8.40
Australia 6½ 88	20	87¾	89	+0⅛	−0⅛	8.65
EIB 7¼ 89	12	95⅝	97⅞	+0⅛	+0⅛	8.31
Finland 5.6 83	10	91⅞	92⅝	0	0	8.65
Finland 6.8 88	10	87⅞	89⅛	0	−0½	8.96
Finland, Rep. of 8⅛ 87	15	96⅝	97¼	0	+0⅛	8.92

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C\$	60	93⅛	93⅝	−0⅛	−0⅛	12.33
CIBC 13½ 85 C\$	50	101¾	102¼	−0⅛	+0⅛	12.87
CIBC 11½ 85 C\$	60	95⅝	96⅛	−0⅛	−0⅛	12.66
Federal Dev. 11½ 90 C\$	60	93	93½	−0⅛	−1	12.73
Fst. Can. Inv. 10 84 C\$	50	92	92½	0	−0⅛	12.68
GMAC 12 85 C\$	50	†97¼	97¾	0	+0⅛	12.70
R. Bk. Canada 10 86 C\$	40	92¼	92¾	−0⅛	−0⅛	11.84
Tordom Cpn. 13½ 85 C\$	30	101⅞	102⅜	0	0	12.83
M. Bk. Dnmk. 9 91 EUA	25	93⅞	95⅛	0	+0⅛	9.82
SOFTE 8¾ 89 EUA	40	88¼	89⅛	+0½	−0½	10.26
U. Bk. Nrwy. 9½ 90 EUA	18	99	100¼	+0⅛	+0⅛	9.54
Algemene Bk. 8¾ 84 Fl	75	96	96½	+0⅛	−0⅛	9.39
Algemene Bk. 10⅛ 87 Fl	400	100⅝	101⅛	−0⅛	−0½	10.06
Bk. Mees & H. 10 85 Fl	75	99⅝	100⅛	−0½	−0⅛	10.03
Heineken NV 10 87 Fl	75	100⅜	100⅞	+0⅛	+0⅛	9.86
Ned. Gasunie 8¾ 84 Fl	50	99½	100	−0⅛	−0⅛	8.82
Norway 8¾ 84 Fl	100	96½	97	−0⅛	−0½	9.22
Philips Lamps 8¾ 84 Fl	75	96⅝	97⅛	+0⅛	0	9.33
Air France 11 84 FFr	120	96½	97½	+0⅛	+0⅛	11.96
CECA 14¼ 86 FFr	150	105¾	106¾	0	0	12.69
Finland 11 84 FFr	80	95½	96½	0	+0⅛	12.25
Finland 11½ 89 FFr	70	93½	94½	0	+0½	12.82
Gaz de France 11 84 FFr	150	95½	96½	+0⅛	−0⅛	12.34
IBM France 11⅞ 84 FFr	120	97¼	98¼	0	−0⅛	12.52
Renault 9¾ 85 FFr	100	87⅜	88⅜	+0⅛	+0⅛	13.18
Saint-Gobain 9¾ 86 FFr	130	86⅜	87⅜	0	+0⅛	13.11
Solvay et Cie 9¾ 87 FFr	125	85¼	86¼	+0⅛	+0⅛	13.84
Utd. Mex. Sts. 14 85 FFr	150	100⅜	101⅜	+0⅛	+1⅞	13.70
Beneficial Fin. 14¼ 90 £	20	98⅞	99⅝	−0½	−0⅛	14.36
Citicorp O/S 13½ 90 £	50	99¼	99¾	−0⅛	+0⅛	13.58
EIB 11½ 91 £	25	90¾	91½	−0¼	+0½	13.06
Fin. for Ind. 12½ 89 £	30	96⅛	96⅞	−0¼	+1	13.18
Fin. for Ind. 14½ 88 £	20	102¾	103	−0⅝	+0⅛	13.87
Peugeot SA 14 90 £	23	98½	99¼	−0¼	−0½	14.21
Swed. Ex. Cr. 15¾ 85 £	20	103	103¾	−0¼	+0⅞	14.16
Banobras 8¼ 90 KD	7	†95⅛	95⅝	0	0	8.97
CCCE 8⅛ 91 KD	10	†93⅞	94⅛	0	0	9.08
Sonatrach 8½ 90 KD	12	†94⅜	95⅛	0	−0¼	9.31
Akzo 9⅛ 87 LuxFr	500	95¼	96¼	0	0	10.12
Euratom 8 87 LuxFr	500	89¼	90¼	−0¼	−0¼	10.29
Euratom 9¾ 88 LuxFr	500	98⅜	99⅜	0	0	9.95
EIB 9¾ 88 LuxFr	600	98½	99½	0	0	9.92
Volvo 9⅛ 87 LuxFr	500	96¼	97¼	0	−0⅛	10.38

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5⅛ 87	0¼	98⅞	98⅜	2/1	10.44	10.61
Bank of Ireland 5¾ 89	‡0¼	97¾	98¼	21/8	11.87	12.05
Bank of Tokyo 5¼ 89	‡0⅛	96¾	97¼	25/10	16.56	17.07
Barclays O/S Inv. 5 90	0¼	97⅛	97⅝	13/12	9⅝	9.87
Bergen Bk. A/S 6 89	‡0⅛	97	97½	29/8	10	10.28
Bilbao Int. NV 5¾ 90	0¼	96⅞	97¼	29/11	10.06	10.37
Citicorp O/S F. 83	§‡0	99	99½	23/8	10.79	10.26
Citicorp O/S F. 84	‡0	98½	99	30/7	9.69	9.81
C. Itoh 5¾ 87	0¼	99	99½	18/9	19.44	19.58
Co-operative Bk. 6 86	0¼	98	98½	15/11	11.44	11.64
Creditanstalt 5½ 91	§‡0¼	97	97½	14/9	9.44	9.70
CNT 5¾ 86	§0¼	100⅛	100⅝	16/10	18⅛	18.06
GZB 5½ 89	‡0¼	97⅝	98⅛	1/11	9.81	10.03
Jugobanka 8 89	0⅞	90	92	23/11	11⅝	12.77
Ind. Bank Japan 5¾ 87	0¼	99½	100	15/10	18¾	18.80
Lloyds Eurofin 8 90 £	0¼	96¾	97¼	3/1	15¾	16.24
LTCB Japan 5¾ 86	0¼	98	98½	13/12	9⅝	9.80
LTCB Japan 5½ 89	0¼	97⅞	98⅜	7/12	10⅛	10.32
Mfrs. Han. O/S 5¼ 94	‡0⅛	97⅛	97⅝	31/8	9⅞	10.14
Midland Intl. Fin. 5 89	0⅛	97⅞	98⅛	20/12	9½	9.58
Midland Intl. Fin. 5¼ 92	0⅛	98	98½	5/12	10⅞	11.07
Nacional Fin. 6¾ 86	0¼	97½	98	25/1	9.69	9.91
Nat West 5¾ 94	§0¼	99¼	99¾	11/10	18⅝	18.72
Nippon Credit 6½ 86	0¼	97⅜	97⅞	12/1	9.56	9.80
Nippon Credit 5¼ 87	‡0⅛	97⅞	98⅜	6/11	10⅞	11.08
Royal Bk Scot 5¼ 94	§‡0⅛	98⅜	98⅞	11/10	9.31	9.47
Soc. C. de Bque. 6½ 87	0¼	99½	100	3/10	20.06	20.11
Standard Chart. 5⅝ 90	0⅛	98⅞	99⅜	6/9	17⅛	17.30
Svenska Hndlsbk. 5 87	0¼	98¼	98¾	15/1	10	10.15
Sweden 8⅛ 91	‡0¼	95⅞	96⅜	18/10	18⅝	19.38
Williams & Glyn 5¼ 91	0¼	98⅞	98⅝	14/9	18½	18.81
Bq. S. d'Alg. 4⅛ 89 SF	0⅝	†91	91½	18/12	6⅛	6.71

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†118	119	0	−8.88
Ajinomoto 7¾ 95	2/80	515.5	114½	115½	+1½	0.48
Alco Int. Fin. 9½ 94	1/80	40	94½	96	−0⅞	20.85
Apache I. Fin. 8¾ 95	12/80	21.12	113½	115	−0¾	2.14
Asahi Optical 7 94	11/79	526.1	99½	100½	+1	0.15
Blocker Energy 8¾ 95	1/81	21.87	94½	96	−0⅞	20.79
Canon 6¾ 94	8/79	570	110⅛	111⅛	+2⅛	1.83
Credit Suisse 4¾ 93	10/79	1278	107½	109⅛	+0⅛	−2.63
Daiei Inc. 6½ 94	11/79	922.3	98	98	−0⅜	28.52
DDKK 11 90	4/80	324	106	107	−0⅛	11.41
Dynalectron 9½ 95	8/80	12.22	106	108	+0⅛	5.62
Ensearch Fin. 9½ 94	7/80	30.25	†119	120½	+1½	0.28
Meidensha Elec. 7 94	12/79	210	103	104½	+0¾	10.54
MEPC 8¾ 96	2/81	2.47	102	102½	−0½	10.18
Mitsubishi Cp. 6½ 94	10/79	549.1	124	125½	+0⅛	−0.32
Nippon Seiko 7¾ 94	12/79	339	†108½	109½	+0¾	0.08
SBC 6¾ 90	9/80	200	99¼	100⅛	+0⅛	−36.75
Toshiba Cpn. 7¾ 94	10/79	198	101½	102¼	−0⅞	1.02
Union Bk. Switz. 5 89	2/80	121.4	97⅞	99⅞	+0⅛	4.44
Fujitsu 5 84 DM	7/79	475	107⅜	108⅜	+2⅞	4.50
Kansai Elec. 4 84 DM	4/79	1210	88½	89½	+0⅛	42.31
Sharp Cpn. 6⅛ 88 DM	9/80	595	107¼	108¼	+2⅞	8.65
Uny Co. 6½ 85 DM	11/79	1071	97¾	98¾	0	23.85

* No information available—previous day's price.

‡ Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month *offered rate* (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of *share at conversion rate fixed at issue*. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل

Manufrance rescue plan falters on job cuts

By David White in Paris

THE AGONIES of Manufrance, the Saint-Etienne group whose fate has become a vital political issue in France, are to continue for another fortnight at least.

Torn between the positions of the French Government and the trade unions, the company's board failed at a meeting in Paris to reach a settlement on terms for a "last chance" rescue attempt.

It had earlier seemed that the necessary financial arrangements had been put together, including a larger than expected government loan of FFr 150m ($36.5m). But after seven hours of talks, it became clear that this offer was conditional on extra cutbacks in Manufrance's workforce, currently just under 1,900 which the unions have adamantly said they will not accept.

A further board meeting is scheduled for August 27. If this fails, there appears to be little prospect of Manufrance avoiding the bankruptcy which has threatened it for more than three years.

The Communist-led CGT union, which called members back from holiday to occupy the main Saint-Etienne plant during the board meeting, said it would not give in to Government pressure.

The Finance Ministry announced its surprise offer early on Tuesday before the board meeting. The company asked for part of the aid to be disbursed before the end of the month.

The Government is understood to have rejected Manufrance's estimates for results under its latest restructuring plan—losses of FFr 48m over the next two years—as over-optimistic and to have demanded extra cutbacks.

According to the CGT, this involved 157 jobs on top of 400 or more due to go under the plan.

Second-quarter setback for BASF

BY KEVIN DONE IN FRANKFURT

BASF, one of the West German big three chemical groups, yesterday reported an appreciable decline in profits for the second quarter of 1980, following a fal in volume sales.

At the pre-tax level profits are 5.5 per cent lower at DM 409m and in terms of the BASF parent company the setback is even more marked. Parent company profits before tax are 22 per cent down at DM 212m ($119m).

BASF's interim report provides further confirmation that in the last four months the growth of the German economy has eased down from the peak reached in the first quarter of the year.

The West German chemicals industry is clearly facing more difficult times. BASF said yesterday that it had been hit by its inability to pass on in full rising raw materials costs.

Stiff international competition was holding back necessary chemical product price increases. This was particularly the case in the sectors such as oil products, basic petrochemical's, and plastics, all areas where BASF has a greater involvement than its major rivals in the German chemicals industry.

It was specifically the recovery in these sectors, which allowed BASF to significantly out-perform Hoechst and Bayer last year.

The decline in the second quarter, is masked in the figures for the first half year because of the company's strong performance in the first quarter. For the first six months BASF group pre-tax profits rose by 6 per cent to DM 898m and parent company pre-tax profits showed only a marginal 0.4 per cent decline to DM 468m.

The chief reasons for the setback in the last four months lie in the domestic market. Sales in West Germany by the parent company fel lby 19.6 per cent in the second quarter compared with the first three months of the year, while parent company exports declined by 11.9 per cent.

Group sales in the first half of 1980 were up by 12.3 per cent to DM14.1bn compared with DM12.6bn

Sharp improvement at Rennies

BY DES KILALEA IN JOHANNESBURG

RENNIES, the South African transport, shipping, hotels, manufacturing and trading group, improved turnover by 18 per cent to R103.1m ($135m) for the six months to June 30 while pre-tax profit rose by 45 per cent to R10m ($13.16m) from R6.9m for the same period last year.

The Rennies directors are confident that all the group's divisions will be able to maintain this momentum and gave shareholders a firm forecast that the year's earnings should be at least 56 cents a share against 45.6 cents the previous year. After declaring a 10 cent a share (7 cents) interim dividend, the final payment is forecast to rise to 28 cents from 1979's 22 cents.

All divisions in the group which is 53 per cent owned by Jardine, Matheson, the Hong Kong-based conglomerate, contributed to the improvement with an 11.7 per cent, against 10.7 per cent, operating profit margin. Subsidiaries operate in fields ranging from shipping and hotels to security services and trading.

Mr Charles Fiddian-Green, chairman and chief executive of the group, said that liquidity and borrowing ratios had improved. The result has been, along with lower interest rates in South Africa, that finance charges fell 20 per cent to R2m against R2.5m in the first half of 1980.

Since the end of June the management has disposed of the majority of its redundant properties and will benefit by a cash inflow of some R3.5m.

The rate of growth in after-tax profit is expected to slow in the current six months because the utilisation of previous year's tax losses by the manufacturing companies will not be repeated this year. Nevertheless, the profit forecast is at least R12.6m for the year, a record which compares with R10.2m in 1979.

Advance at ESAB shows clear recovery

By Westerly Christner in Stockholm

ESAB, the Swedish welding equipment maker, posted pre-tax earnings of SKr 28m ($6.8m) for the first six months of 1980, up SKr 23m on the same period last year. The result shows a clear recovery when compared with a loss of SKr 1.1m for the whole of 1979.

Sales in the half year totalled SKr 809m, against SKr 730m. Machinery sales accounted for SKr 359m, up SKr 75m.

The report says, however, that there is continued weakness in demand for welding machinery on the world market, as well as marked over-capacity.

Group order book at the end of June totalled SKr 334m, up SKr 24m since the beginning of the year, but basically unchanged from the corresponding period of 1979.

Chrysler Australia lifts trading profit

BY JAMES FORTH IN SYDNEY

CHRYSLER AUSTRALIA, now controlled by the Japanese group, Mitsubishi, boosted its sales, market share and trading profit in the half year to the end of June. Profit for the period was A$2.22m (US$2.57m). In the corresponding period of 1979 the company reported a net profit of A$3.16m, but this included a net A$2m abnormal credit arising from adjustment to earlier estimates of product rationalisation and other costs.

The trading profit for the previous period was therefore A$1.16m. Gross revenue for the latest six months rose 15.5 per cent from A$169m to A$195m.

Mr. T. J. Andersen, the chairman and managing director, said that from a sales viewpoint the group continued its strong performance and made further significant market gains despite a decline in overall vehicle demand. But profitability was adversely affected by severe price competition which prevented Chrysler recovering high labour, supply and operating costs through price adjustments.

The pressure on profit margins had continued into the second half and would have a limiting effect on earnings for the full year, Mr. Andersen said. Despite a 1.6 per cent fall in total industry registrations in the June half Chrysler lifted its registrations by 17.7 per cent.

Sales of the Sigma four-cylinder car rose 20.7 per cent and easily maintained its position as the top seller in its category. Chrysler's share of the passenger vehicle market rose from 10.7 per cent to 12.8 per cent and from 8.9 per cent to 10.7 per cent in the total vehicle market, the best since 1971.

Mitsubishi Motors Corporation and Mitsubishi Corporation in April exercised an option to buy out the U.S. group and plan to change the company's name next month to Mitsubishi Motors Australia Limited.

Cheung Kong strengthens ties with Wheelock

By Philip Bowring in Hong Kong

CHEUNG KONG (Holdings) is enlarging its already extensive links with the Wheelock Marden group. Realty Development Corporation, a quoted subsidiary of HK Realty, itself a quoted subsidiary of Wheelock Marden, has reached agreement in principle to form a joint venture company with Cheung Kong.

Realty will sell to this new company its two major assets, two office building blocks in the central district of Hong Kong, Realty Building and International Building, for about HK$1bn (U.S.$204m). The joint venture will be initially capitalised at HK$100m, owned 50 : 50 by Cheung Kong and Realty Development.

HK Realty already has a joint venture arrangement with Cheung Kong to develop Wheelock House and Marden House, two other central district properties, and another joint venture, Beautiland, engaged in high class residential developments.

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	5.8.80	12.8.80	AVERAGE YIELD	5.8.80	12.8.80
DM Bonds	97.42	97.44	DM Bonds	8.131	8.130
HFL Bonds & Notes	95.54	95.28	HFL Bonds & Notes	9.541	9.588
U.S. $ Strt. Bonds	91.24	90.63	U.S. $ Strt. Bonds	10.999	11.139
Can. Dollar Bonds	93.54	93.47	Can. Dollar Bonds	11.377	11.395

WORLD STOCK MARKETS

Midway Wall St. gain of 2.1

AFTER TUESDAY'S setback on profit-taking, Wall Street opened on an easier note yesterday but subsequently edged up in active early dealings as bargain hunting took place.

The Dow Jones Industrial Average, which receded 11.7 the previous day from Monday's near 3½-year high, was 2.13 firmer at 954.51 at 1 pm yesterday. The NYSE All Common Index gained 12 cents at $71.04, while rises at mid-session *led declines by a* small margin. Turnover was a substantial 31.59m shares but less than Tuesday's 1 pm figure of 37.71m.

Analysts said many market participants still believe any decine will be short-lived, and saw Tuesday's pull back in Blue Chips and Computer issues as a buying opportunity.

Allied Chemical gained ⅞ to $53½ and several other Blue Chips had small gains. American Telephone put on ¼ to $53⅞.

Zayre, which fell more than two points on Tuesday, rallied 1¼ to $16⅞. Oneida advanced 1½ to 20½.

THE AMERICAN SE Market Value Index recouped 1.50 to 320.46 at 1 p.m. on volume of *3.19m shares (3.78m).*

Canada

Markets displayed a firmer *tendency at mid-day, with the* Toronto Composite index registering a rise of 7.0 at 2,246.3. The Oil and Gas index gained 12.3 *to* 4,874.0. Metals and Minerals 9.1 to 2,227.6 and Golds 4.3 to 4,700.5. In Montreal, Utilities put on 0.76 to 266.95 but Banks eased 0.47 to 386.85.

Alcan gained ¾ to C$40¼ and Campbell Red Lake C$1 to C$63, but Texaco Canada lost ¾ to C$29¼.

Sceptre Resources, which has suggested possible merger with Buttes Oil and Gas, shed ¼ to C$13¼.

Closing prices for North America were not available for this edition.

Tokyo

Blue Chips and large-capital issues met further strong foreign demand yesterday and some sharp gains occurred, especially in the recently buoyant Light Electricals sector. However, speculatives tended to lose further ground on profit-taking while Oils were weak and *Trading Houses turned easier* after both groups rising strongly the previous day.

The Nikkei-Dow Jones Average put on 32.64 more to 6,834.32 and the Tokyo S.E. index 2.91 to 474.51, although gains on the First Market section exceeded declines by only 331 to 325. *There was a large turnover of* 430m shares (350m).

Sony led the market, climbing Y160 to Y2,590 on active buying by foreign investors and also local major investment trusts. Elsewhere in Light Electricals, TDK Electronics rose Y130 to Y2,800, Matsushita Communication Y100 to Y2,140, Pioneer Electronic Y130 to Y2,290, Matsushita Electric Y26 to Y743, Victor Y40 to Y1,910 and Sharp Y25 to Y625.

Elsewhere, Canon, which has upward revised its profits forecast, added Y20 at Y660. Nippon Steel improved Y6 to Y139, Fuji Photo Film Y50 to Y663, *Toyota Motor* Y15 to Y759, Honda Motor Y16 to Y588, Green Cross Y120 to Y2,090, NYK Y24 to Y290 and Takeda Chemical Y27 to Y587.

In contrast, Nippon Oil receded Y80 to Y1,210, Arabian *Oil Y100 to Y2,600* and Teikoku Oil Y30 to Y990, while Trading House C. Itoh lost Y9 to Y405.

Hong Kong

Stocks moved sharply ahead over a broad front in very active trading yesterday as the market regained confidence following nervous trading over recent days. Profit-taking late in the afternoon was easily absorbed and the Hang Seng index closed 26.39 stronger at 1,162.80, not far short of the seven-year high of 1,168.74 recorded on July 30 this year. Total business volume on the four exchanges swelled to *HK$437.08m from the previous* day's HK$325.18m.

Property stocks were particularly strong, reflecting the high *prices* fetched at local land auctions this week. Cheung Kong rose 70 cents to HK$21.90, Hong Kong Land 60 cents to HK$15.00, Hong Kong Wharf HK$2.00 to HK$73.50, Hong Kong Realty 40 cents to HK$7.15, New World 22.5 cents to HK$5.15 and Sun Hung Kai Properties 70 *cents to HK$17.00.*

Hutchison Whampoa climbed 50 cents to HK$11.90, Jardine Matheson 70 cents to HK$20.80 and HK Electric 20 cents to HK$7.05, while outside the leaders, Green Island Cement advanced 50 cents to HK$63.00 and Far East Consortium 15 cents to *HK$4.20.*

Germany

Shares generally softened in light trading as foreign interest evaporated. The Commerzbank index declined 3.6 to 743.7.

The overnight setback on Wall Street, the recent firmer tone in U.S. interest rates and growing concern about next week's Bundesbank Central Council meeting all helped to sap the market of buyers.

Stores had Horten down DM 3.50 and Karstadt off DM 4. Among Engineerings, Deutsche Babcock lost DM 3.50 but MAN gained DM 2. BMW, in *Motors,* also resisted the downtrend, rising DM 1.40.

On *the Domestic Bond Market,* Public Authority loans picked up slightly. The Bunudesbank sold a net DM 9.6m nominal of paper after buying DM 5m on Tuesday.

Johannesburg

Gold shares rebounded sharply in fairly active trading after the Bullion price showed some recovery overnight. Gains of R4.50 were registered in President Brand, R63.50, and Western Deep, R58.00. President Steyn moved ahead *R2.25* to R57.00, Buffels R2 to R52 and Kloof R2.25 to R39.75. However, ERPM shed 25 cents to R37.50 on news *of a 10 per cent cut in output.*

Anglos put on 30 cents to R18.80 among Mining Financials, while De Beers rose 25 cents to R11.90.

Australia

Trading continued to lose *momentum yesterday, with* markets lacking the overseas buying which was very strong on Monday. In quiet dealings, Mining leaders tended to lose part of their recent good gains, but Industrials were mixed to firmer with Properties, Engineerings and Motors performing the *best. Oils closed on a mixed* note.

Cooper Basin gas stocks, after recent strength, met a fair deal of selling, with Santos losing 60 cents to A$13.40, Vamgas 30 cents to A$7.00 and Crusader Oil also 30 cents to A$4.10.

Elsewhere in the Oil and Gas sector, however, Hartogen put on 10 cents to A$5.20, Strata Oil 3 cents to A$2.65 and Woodside 5 cents to A$3.00.

Among Minings, Peko shed another 10 cents to A$8.80, while EZ reacted 6 cents to A$6.70, MIM 8 cents to A$5.10 and North Broken Hill 7 cents to A$3.78.

News that CRA planned to *buy Texas Gulf's iron ore* interests in Western Australia failed to impress the market and the stock closed unchanged at A$5.66.

Coal miners were firm despite the continued Queensland strike, now in its seventh week. Utah added 10 cents at A$5.36.

Among Industrials, Bond Holdings advanced 15 cents to A$2.45 and Hooker 5 cents to A$1.02.

Singapore

After Tuesday's holiday closure, the market moved broadly ahead yesterday, leaving the Singapore Straits Times index 5.32 higher at a new seven-year peak of 586.70.

NEW YORK

Indices

NEW YORK — DOW JONES

	Aug. 12	Aug. 11	Aug. 8	Aug. 7	Aug. 6	Aug. 5	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Industr'ls	962.39	964.08	954.69	950.94	938.26	929.78	964.08 (11/8)	759.13 (21/4)	1051.70 (11/73)	41.22 (2/7/32)
H'me Bnds	70.59	70.77	70.95	70.94	71.07	71.08	76.61 (23/6)	65.87 (28/3)	—	—
Transport	316.12	317.05	316.17	314.31	311.51	310.47	317.05 (11/8)	233.69 (27/3)	317.05 (11/8/80)	12.23 (8/7/32)
Utilities	110.45	110.26	110.41	109.68	108.99	108.91	115.88 (8/7)	96.04 (27/3)	163.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's	52,050	44,890	58,860	61,820	45,050	45,510	—	—	—	—

Day's high 969.97 low 948.72

Ind. div. yield %	Aug. 1	July 25	July 18	Year ago (approx)
	5.69	5.76	5.72	5.73

STANDARD AND POORS

August 14 1980

COMMODITIES AND AGRICULTURE

Constant rain threatens UK cereal harvest

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE CONSTANT rain of the past few days could threaten the outcome of this year's cereal harvest in the UK.

The winter barley has been harvested in good condition in southern counties but further north the crop is beginning to suffer damage through sprouting and being laid by the storms.

So far very little spring barley and wheat has been harvested. In southern counties the spring barley crop does not look as promising as it should chiefly because the drought in April and May restricted development and the rain came too late to make up the damage.

Many of the crops contain green heads and a good deal of uneven ripening. Samples of spring barley bear this out.

The wheat crop is at a critical stage. In general, it looks very promising but the grains are now mature enough to sprout and will undoubtedly do so in moist warm conditions.

Sprouting in the field will destroy its milling quality and could also affect its acceptability to intervention authorities.

Maltsters are proving to be very choosy buyers and are offering no more than the equivalent of intervention price for all but the very best samples.

They claim that nitrogen percentages are high, but it is thought they have been badly hit by a reduction in sales particularly to Europe.

Although insufficient wheat has been harvested to affect the market there could be a demand for the higher protein milling wheats because of the high cost of imported supplies.

Feed wheat is being quoted at about its intervention level, which is the same as that for barley.

The feed barley market is at present well below intervention levels but the pressure has eased in this sector pending the arrival of spring varieties.

This market could weaken quite significantly if there is a flood of offers of grain unacceptable to intervention or by farmers who are desperately wanting cash to cover their commitments rather than face waiting until intervention authorities can take their grain.

But it must not be forgotten that recent reports from the U.S. Department of Agriculture point to a considerable reduction in feed grains in the U.S., Eastern Europe and the Soviet Union.

Should this estimate turn out to be correct, the European harvest, which is forecast as a good one, could be very much in demand. It all really depends on the next few weeks.

Farmers told to cut potato plantings

By Our Financial Staff

British farmers have been told to reduce potato planting next year to bring production more in line with demand.

The Potato Marketing Board told them yesterday that the total planting for next year should be 415,000 acres, 85,000 acres below the 1977 peak and 5,000 acres fewer than this year's target.

Farmers always exceed the plantings recommendation but have to pay an excess contribution to the board for each acre over their quota.

Adverse weather has reduced liftings in some districts, the board said.

Prices have steadied following the recent decline, due to excessive deliveries to market, but are still at a low level, the board added.

Sharp rise in sugar futures

BY RICHARD MOONEY

LONDON SUGAR futures climbed to their highest levels since June yesterday encouraged by reports that China had bought 50,000 tonnes of Philippine raws, that Mexican production was set to fall 7 per cent this year and that Thailand was taking white sugar from Tate and Lyle in exchange for raws.

At one time the January futures position reached £367 a tonne but it eased back in the afternoon following an announcement that the EEC had granted export licences covering 74,050 tonnes of EEC whites at its weekly tender.

This was the highest export allotment granted so far this season and compared with 61,250 tonnes last week.

The export levy was set at 4.75 European currency units, somewhat lower than expected, and it was this, as much as the higher allotment, which prompted the modest fall in market values.

By the close January sugar was quoted at £363.325 a tonne, up £6.575 on the day.

Under the swap deal between the Thai Government and Tate and Lyle, the Thais will receive 200,000 tonnes of white sugar in return for 220,000 tonnes of raws, Mr. Boonchu Rojanasatien, the Deputy Prime Minister, announced in Bangkok.

Shortages

He said the deal had been concluded to solve a troublesome shortage in the domestic market. Earlier this year Thailand suspended sugar exports for two months because of this shortage.

In London, Tate and Lyle confirmed the deal, but it said the Thai raw sugar would not be shipped to Britain to be refined.

Meanwhile, the Thai agricultural ministry said the country's 1980-81 sugar cane crop was expected to increase to 15m tonnes from 12.4m in 1979-80 when production was hit severely by drought.

It will now take another two years to reach the country's output target of 22.5m tonnes, the ministry said.

The 15m tonnes of cane is expected to yield 1.24m tonnes of sugar of which about 540,000 tonnes of raws will be available for export. The other 700,000 tonnes will be in refined form for domestic consumption.

In Rio de Janeiro, Sr. Joao Camilo Penna, the Brazilian Industry and Commerce Minister, said his country exported 1.4m tonnes of sugar in the first half of this year for which it received $533m.

He added that contracts for the second half amounted to 1.3m tonnes, worth $570m.

Brazil's 1980-81 harvest is expected to yield 7.8m tonnes of sugar of which 2.2m tonnes are destined for export, the Minister said.

● St. Kitts' sugar output this year was 34,743 tonnes, down from 39,000 last year, the Island's Sugar Manufacturing Corporation said in Basseterre, reports Reuter.

Crop disease

Exports have already reached 27,000 tonnes and a further shipment is expected to leave the island shortly.

Early estimates had put the crop at 42,000 tonnes but the actual outturn was reduced by low sucrose content in the cane and localised damage by smut disease.

U.S. sells more grain to USSR

WASHINGTON — Additional sales of U.S. grain totalling 700,000 tonnes have been made to the Soviet Union, according to the U.S. Agriculture Department (USDA).

The sales, reported to the USDA by private exporting companies, were made under terms of a long-term agreement requiring the Soviet Union to buy at least 6m tonnes of wheat and maize annually.

Russia also has the option to buy an additional 2m tonnes under the five-year agreement.

Officials said the latest sales, which were for the agreement's fifth and final year beginning on October 1, raised to 900,000 tonnes the amount the Soviet Union had now bought in the terms of the pact.

The new sales included 550,000 tonnes of corn and 150,000 of wheat. Earlier, the Soviet Union bought 100,000 tonnes each of the two U.S. grains.

President Jimmy Carter imposed a ban last January on further sales of U.S. grain in response to the Soviet Union's invasion of Afghanistan but did not cancel the agreement.

Shipments to the Soviet Union in the current year of the agreement stand at slightly less than the permitted 8m tonnes, including about 2.17m tonnes of wheat and 5.77m of maize.

U.S.-Soviet trade in the first five months of this year was down by 39 per cent from the same period in 1979, U.S. statistics showed yesterday.

The statistics, released by the U.S. commercial office in Moscow, showed that the balance in favour of the U.S. fell by $513.4m from January to May, 1980—45 per cent down from last year's $936.6m.

Major U.S. agricultural exports to the Soviet Union were down from $772.9m in the first five months of last year to $479.6m in the same period in 1980. Overall U.S. exports tumbled from $1.1bn to $642.7m, and were made up largely of maize, wheat and soyabeans.

U.S. imports from the Soviet Union declined from $167.9m to $129.3m.

Soviet meat output down

MOSCOW — Soviet state meat production totalled 4.5m tonnes in the first seven months of this year, down 5 per cent on the same period in 1979, figures published in the weekly Ekonomicheskaya Gazeta show.

But farm statistics, including gross meat production, which are usually published at the same time were absent from the latest bulletin.

The Gazeta gave the following state production figures for the first seven months of 1980, with 1979 comparisons.

Vegetable oil, 1.5m tonnes, up 4 per cent; mixed feed 32.5m tonnes, up 9 per cent; animal fats 796,000 tonnes, down 4 per cent; magarine 780,000 tonnes, up 6 per cent; milk and dairy products 14.9m tonnes, up 0.8 per cent.

The Sovetskaya Kirgizia newspaper gave an example of the present difficulties faced by farmers when it reported that meat sales to the state from farms in the central Asian republic of Kirgizia amounted to only 25 per cent of the plan, while egg and milk sales were down to 62 per cent of the plan.

Reuter

U.S. copper group halts shipments

SALT LAKE CITY — Kennecott Copper Corporation will not ship any copper under contractural obligations during August, it announced yesterday.

The company said it has not formally declared force majuere but it has told customers that conditions of a force mejuere exist.

No decision has been reached on September orders.

Asarco, another leading U.S. copper producer, declared force majeure on August deliveries on July 31.

The strike of U.S. copper workers which has caused these supply difficulties began on July 1.

On the London Metal Exchange copper prices moved sharply higher, encouraged by the rise in gold. By the close the cash position was quoted £11.75 up on the day at £914.5 a tonne.

Lead prices also advanced strongly on news of a fall in U.S. refiners' stocks and fears of a strike at U.S. producer Bunker Hill when the labour contract expires on August 18.

Cash metal ended the day with a rise of £5.5 to £374 a tonne—the highest level since May.

India again eyes export market

BY A CORRESPONDENT

THE DECISION of the Government of India to import 200,000 tonnes of sugar at a cost of about Rs 1,000m has focused attention on the role of Indian sugar in international trade.

India used to import large quantities of sugar every year prior to the growth of the indigenous industry. In 1927-28, for instance, India imported 823,000 tonnes of sugar.

But, with the grant of protection in the 1930s, imports were drasticaly reduced. In 1938-39, only 36,000 tonnes were imported. Eventually, imports were stopped and India emerged as an exporter of sugar in 1957.

In that year 0.15m tonnes were exported, valued at Rs 118.9m. In the subsequent years, there was a substantial increase in exports.

The quantity exported went up from 252,500 tonnes in the financial year (April to March) 1973-74 valued at Rs 426.9m to 694,600 tonnes worth Rs 3,390.1m in 1974-75.

In 1975-76 there was a sharp increase to 1,201,200 tonnes valued at Rs 4,723.3m.

In 1976-77 and 1977-78, however, exports slumped to 580,400 tonnes and 110,000 tonnes, valued at Rs 1,503.8m and Rs. 190.9m respectively. ... ...

Sugar exports constituted 1.1 per cent of the producion in 1977-78 compared to 12 per cent in 1976-77 and 1.8 per cent in 1960-61.

The value of sugar exports is provisionally estimated at Rs 1,320m in 1978-79 and Rs 1,500m in 1979-80 and is projected to rise to Rs 2,200m in 1980-81.

Indian sugar has been exported to several countries including Indonesia, North Korea, Afghanistan, Sri Lanka, Sudan.

The fluctuations in sugar exports have been due to the state of the international supply, the fixing of quota under the International Sugar Agreement and the EEC, and the trend of production and prices in the domestic market.

Sugar production in 1979-80 is expected to be about 4.2m tonnes compared to 6.4m tonnes in 1977-78 and 5.6m tonnes in 1978-79.

The industry seems confident of achieving an export of 1m tonnes in 1980-81 because of an expected substantial increase in production.

Meanwhile, imported sugar is expected to bring about a reduction in the price of sugar in the domestic market.

At present 35 per cent of the sugar production is sold at Rs 2.85 per kg in the ration shops while the rest is sold in the open market at prices ranging from Rs 5 to Rs 7 per kg.

In Bangladesh, the price for sugar ranges between Rs 12 to Rs 14 per kg, in Pakistan between Rs 15 and Rs 20 per kg and in Sri Lanka between Rs 13 to Rs 15 per kg.

Sugar manufacture is one of India's largest industries. There are about 250 factories. Total investment is nearly Rs 12,500m and the product value Rs 14,500m.

Over 25m cultivators are engaged in growing sugar cane, and the payments to the growers by the industry are about Rs 9,000m.

Its annual wage and salary bill amounts to Rs 1,250m and its contribution to the Exchequer is about Rs 3,000m.

But the consumption of sugar in India is small compared with other countries.

The per capita daily consumption of sugar and sweets in India in 1977 was about 49 grams compared with 141 grams in Australia, 136 grams in Canada, 114 grams in Sweden, 136 grams in the UK, 140 grams in the U.S., 106 grams in the USSR and 104 grams in Singapore.

Within India itself, there are wide variations in consumption between one state and another.

In 1976-77, sugar consumption amounted to 186,000 tonnes in Andhra Pradesh, 212,000 tonnes in Bihar, 596,000 tonnes in Maharashtra, 235,000 tonnes in Punjab, 454,000 tonnes in Uttar Pradesh and 322,000 tonnes in West Bengal.

The growth of the Indian sugar industry has been hampered because of the lack of a clear and consistent policy.

Its operations have been subjected to rigid control at various stages with the result that many factories have been unable to work profitably.

The loss incurred in 1977-78 is estimated at Rs 2,000m compared with Rs 600m in 1976-77.

The industry has suggested that with a realistic long-term policy, it should be possible to augment production, eliminate imports and also contribute substantially to foreign exchange earnings.

To help promote exports, it has called for concessional railway freight rates for movement of sugar from the factories to the ports, facilities for importing certain materials and machinery which are necessary for producing export quality sugar, and better warehousing facilities at the ports.

With the prospect of a trade deficit of Rs 30,000m in 1980-81 and the balance of payments coming under severe strain because of the high cost of oil imports, the Government is expected to consider favourably the sugar industry's plea for export incentives so that, once again, it can occupy a place of prominence among the country's non-traditional exports.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Gained further ground on the London Metal Exchange following another strong performance in overnight American markets. Three months metal opened at £928 and eased to £924 on modest hedge selling before moving ahead strongly in the afternoon in the wake of the Comex market. Forward metal subsequently touched £934 but met profit-taking which pared the price to £931 on the late kerb. Turnover 17,225 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	905-.5	+9.75	914-5	+11.7
3 months	923.5-4	+7.5	932-.5	+9.5
Settlem't	905.5	+9.5	—	
Cathodes				
Cash	874-5	+11	884-6	+12
3 months	898-9	+8.5	906-8	+11
Settlem't	876	+11	—	......
U.S. Prod		......	*100-108	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £905.5, three months £925, 24. Cathodes, three months £900, 899. Kerb— Wirebars, cash £905.5, three months £924, 24.5, 25, 26. Afternoon: Wirebars, three months £932, 32.5, 33, 33.5, 34, 33.5, 34, 32, 33, 33.5, 34 33.5, 33, 32.5. Kerb: Wirebars three months £933, 32.5, 32, 32.5, 32, 31, 30, 29.5, 30, 30.5, 31, 32, 31.5, 31.

TIN—Marginally firmer following covering against physical business. Forward metal traded around the £7,170 level throughout the day prior to closing the late kerb at £7,175. Rumours of shipments of metal into LME warehouses caused the backwardation to narrow to around £30. Turnover 1,305 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7255-40	+82.5	7210-30	+25
3 months	7180-90	+52.5	7180-5	+25
Settlem't	7240	+60	—	......
Standard				
Cash	7235-40	+62.5	7210-30	+25
3 months	7180-90	+52.5	7180-5	+25
Settlem't	7240	+60	—	......
Straits E.	†$2150	—	—	......
New York	—	......		

Morning: Standard, cash £7,225, 30, 40, three months 7,170 65, 70, 75, 80, 85, 90. Kerb: Standard, three months £7,174. Afternoon: Standard, three months £7,170 75, 80. Kerb: Standard, three months £7,170, 65, 70, 80.

LEAD—Higher again following renewed American buying, reflecting fears of a possible strike at Bunker Hill, and also reflecting chartist buying as forward metal moved through the £388 level. Three months opened at £384 and moved up gradually to £390 in the afternoon before profit-taking caused a setback to £384 on the late kerb. Turnover 14,050 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	368-9	+3.75	373-5	+5.5
3 months	382.5-3	+3.62	386-8	+4.75
S'ment	369	+4	—	......
U.S. Spot	—	......	*34-6	......

Morning: Cash £369, three months £383, 84, 83, 83.5, 84, 83.5, 83 82.5. Kerb: Three months £383, 83.5, 84. Afternoon: Three months £386, 85.5, 85, 86, 87, 90, 89, 88.5, 88, 87. Kerb: Three months £388, 87.5, 87, 86, 85 84, 82, 83, 84, 83.

ZINC—Barely changed in quiet and routine trading with forward metal finally £335.5 on the late kerb. Turnover 5,825 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	322.25-.75	-.25	322-3	-2
3 months	335-.25	-.375	335-.5	-1.25
S'ment	322.75	-.25	—	......
Primw'ts	—	......	*35.5	......

Morning: Three months £336, 35.5, 35, 35.25. Kerb: Three months £335. Afternoon: Three months £335.5, 36, 36.5, 36, 35.5, 36, 35.5. Kerb: Three months £335 35.5, 35.

ALUMINIUM—Steady in idle trading with three months trading between £741 and £745 before closing the late kerb at £742. Turnover 4,625 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	757-8	+3	761-2	-2
3 months	741-2	+4	743-4	+1

Morning: Three months £743, 41. Kerb: Three months £741. Afternoon: Three months £744. Kerb: Three months £745, 43, 42.

NICKEL—Barely changed with forward metal attracting modest support in the afternoon prior to closing the late kerb at £2,830. Turnover 60 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2800-2	+4.5	2800-5	-2.5
3 months	2820-5	+7	2820-5	—

Morning: Cash £2,800. Afternoon: Three months £2,820. Kerb: Three months £2,830.

*Cents per pound. $SM per picul. †On previous unofficial close.

SILVER

Silver was fixed 4.15p an ounce higher for spot delivery in the London bullion market yesterday at £664.35. U.S. equivalents of the fixing levels were: Spot $15.8, up 15c; three-month $16.189, up .15c; six-month $16.54, up 6.4c; and 12-month $17.426, up 4.1c. The metal opened at £6.62-£6.68 ($15.75-$15.90) and closed at the same level.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	664.35p	+4.15	663.35p	+2.10
3 months	691.30p	+4.80	689.9p	+2.4
6 months	712.30p	+0.80	—	......
12 months	757.80p	-0.30	—	......

LME—Turnover 94 (46) lots of 10,000 ozs. Morning: Three months 692, 91.5, 91, 90.5. Kerbs: Untraded. Afternoon: Three months 690, 89.5, 90. Kerbs: Three months 689, 88, 86, 85, 86.

COCOA

Cocoa futures continued to remain steady in very thin trading conditions, with both producers and consumers preferring to stand aside from the market at current levels. Consequently physical business is modest with only small interest being shown, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Sep	1002-03	+10.0	1003-992
Dec	1038-39	+6.0	1045-32
March	1078-79	+3.0	1085-77
May	1099-1101	+3.0	1104-1098
July	1119-23	+5.0	1125-80
Sept	1135-40	+5.0	1138-35
Dec	1155-65	+2.5	1160

Sales: 1,179 (2,396) lots of 10 tonnes.

COFFEE

No fresh features emerged from a quiet session in Robustas and prices consolidated in a narrow range with volume continuing light in mixed dealings, reports Drexel Burnham Lambert. In the afternoon a £15-£20 rally injected a short burst of activity but good trade selling restricted any sharp advance.

COFFEE	yesterday's Close £ per tonne	+ or —	Business Done
Sept	1223-25	+15	1226-00
Nov	1270-71	+17.5	1275-45
January	1308-10	+11.5	1315-90
March	1295-00	+17.5	1300-82
May	1302-06	+7.5	1300
July	1309-12	—	1310-00
Sept	1520-21	-4.5	1350

Sales: 2,976 (3,113) lots of 5 tonnes.

ICO Indicator prices for August 12 (U.S. cents per pound). Other Mild Arabicas 140.33 (139.83). Robustas ICA 1976 134.50 (134.00). ICA 1968 134.75 (134.25). Unwashed Arabicas 207.50 (same). Comp. daily ICA 1968 168.97 (168.72).

GRAINS

LONDON GRAIN FUTURES—Wheat opened 10p higher but started trading at 10p lower where there was steady consumer buying. Volume was thin. Barley opened 5p higher but with aggressive shipper long liquidation, values remained under pressure and closed 10p lower, reports Acli.

	WHEAT		BARLEY	
Mnth	Yesterday close	+ or —	Yesterday close	+ or —
Sept.	94.95	+0.10	90.15	-0.10
Nov.	98.60	-0.10	94.55	-0.10
Jan.	102.65	-0.05	98.60	-0.10
Mar.	106.15	......	102.00	-0.10
May	109.65	......	105.45	......
July	113.15	......	—	......

Business done—Wheat: Sept. 95.00-94.75, Nov. 98.75-98.55, Jan. 102.70-102.60, March 106.25-106.50, May 109.70-109.65, July 113.15-113.15. Sales: 131 lots of 100 tonnes. Barley: Sept. 90.20-90.05, Nov. 94.65-94.50, Jan. 98.70-98.55, March 102.05-101.95, May 105 50-105.35. Sales: 304 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2 14 per cent, Sept. 99, Oct. 102.25 transhipment East Coast; U.S. Hard Winter 13½ per cent, Aug.-Sept. 96.75, Oct. 98.75 transhipment East Coast; English Feed fob Sept. 98.50-99, Oct. 100-100.50, Nov. 102.75 East Coast. Maize: French Aug. 123, Aug.-Sept. 124 East Coast; South African Yellow Aug.-Sept. 88.75. Barley: English Feed fob Oct. 95.50-96, Nov. 97.50, Jan. 101.50 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 86.50, E. Midlands 85.50, N. East 84.90, Scotland 88 00. Other milling wheat: Eastern 99.50.

The UK Monetary Coefficient for the week beginning Monday, August 18, is expected to change to 0.970.

RUBBER

The London physical market opened easier with little physical interest throughout the day. The terminal market closed steady, Lewis and Peat reported. The Malaysian market is closed until Thursday.

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Sept.	60.40-60.50	58.30-59.50	—
Oct.	61.40-61.60	60.20-60.50	61.00
Oct-Dec	62.10-62.30	61.40-61.50	62.60-61.50
Jan-Mar	65.80-65.90	65.20-65.30	66.50-64.80
Apr-Jne	68.30-69.00	68.30-68.40	69.20-67.90
Jly-Sept	71.70-71.90	71.00-71.10	71.80-70.80
Oct-Dec	74.30-74.50	73.60-73.70	74.40-73.30
Jan-Mar	76.80-76.90	78.90-79.00	77.00-76.00
Apl-Jne	79.50-79.60	78.90-79.00	—

Sales: 257 (188) at 15 tonnes; 1 at 5 tonnes.

Phyical closing prices (buyer) were: Spot 58.75p (58.00p); Sept. 62.25p (61.50p); Oct. 62.50p (61.75p).

SOYABEAN MEAL

The London market opened easier following a bearish USDA demand projection, reports T. G. Roddick. Prices stayed under pressure on long liquidation and closed on the lows with losses of £2.00.

	Yest'rday Close £ per tonne	+ or —	Business Done
August	110.00	-6.0	—
October	116.00-16.2	-1.60	117.00-116.00
December	121.00-21.1	-1.75	122.30-120.90
February	123.10-23.8	-1.35	124.30-123.80
April	124.50-25.0	-1.0	125.50-25.50
June	124.50-27.0	-1.25	—
August	126.00-29.0	-1.25	—

Sales: 153 (241) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £334.00 (£318.00) a tonne cif for Aug.-Sept. shipments. White sugar daily price was £339.00 (£328.00).

Reports of further sales to China and news of a barter deal involving sales of prompt white sugar to Thailand against the purchase of Thailand raw sugar for 1981 shipment by Tate and Lyle produced a steady opening. Trade selling contained the market within a £4.00 range of prices with closing levels around the lows of the day, reports C. Czarnikow.

No. 4 Con-tract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Oct	351.00-51.50	348.05-46.40	357.00-46.00
Jan	362.75-63.90	356.50-58.00	367.00-59.00
Mch	365.05-65.25	358.60-58.75	370.00-67.00
May	355.00-56.25	349.50-49.50	359.00-49.00
Aug	355.00-55.50	328.00-29.00	338.45-25.00
Oct	325.50-23.95	316.00-18.00	328.00-25.95
Jan	316.00-20.00	310.00-20.00	—

Sales: 7,623 (5,702) lots of 50 tonnes.

No. 2 CONTRACT—Close (in order buyer, seller, business, sales). Aug. 332.00, 333.00, 333.00-325.00, 105: Oct. 358.50, 358.75, 361.30-349.00, 594. Sales: 699 (715).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £430.00 (£413.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 12. Daily price 32.46 (32.62); 15-day average 30.15 (29.77).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 353, 360, nil, nil; Oct. 353, 366, nil, nil; Dec. 364, 367, 5; Jan. 369, 371, nil, nil; March 372, 374, 373, 3; May 372, 374, 373, 4; Aug. 374, 376, 377-375, 4; Oct. 375, 376, 377-376, 4; Dec. 375, 377, 378, 2; Jan. 375, 381, nil, nil. Sales: 22.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. Oct. 458.0, 460.0, 458.0-458.0, 6; Dec. 462.0, 464.0, 465.0-463.0, 31; March 470.0-471.0, 471.0-469.5, 10; May 471.0, 472.5, 473.0-472.5, 9; July 474.5, 475.0 untraded; Oct. 474.0, 475.0, untraded; Dec. 473.7, 476.0, untraded. Sales: 56.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 21 tonnes, bringing the total for the week so far to 239 tonnes. Limited uptake did not result in any pronounced rise in the turnover, although demand was not lacking. Interest was mainly in various American-type styles, with African and Turkish growths in the ascendant.

POTATOES

LONDON POTATO FUTURES—Early dealings showed uncertainty in the market, but after November looked initially firmer, values eased to 10p down at lunch. Afternoon trading was dull, with no movement, reports Coley and Harper. Closing prices: Nov. 41.20, -10 (high 41.20, low 41.00); Feb. 48.00, -20 (high 48.20, low 48.00); April 55.00, -10 (high 55.10, low 54.80). Turnover: 44 (31) lots of 40 tonnes.

*

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£5.60, codlings £1.80-£3.80. Large haddock £4.90-£5.20, medium £2.00-£3.80, small £1.80-£2.80. Medium plaice £6.40, best small £3.20-£4.40. Skinned dogfish (large) £6.70, medium £5.50. Lemon soles (large) £8.00, medium £7.00. Rockfish £3.40-£3.70. Saithe £1.20-£3.10.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 61.0 to 66.0; Ulster hindquarters 72.0 to 76.0, forequarters 40.0 to 43.0; Eire hindquarters 72.8 to 74.8, forequarters 39.5 to 41.3. Veal: Dutch hindse and ends 98.0 to 102.0. Lamb: English small 50.0 to 56.5, medium 48.0 to 52.0, heavy 41.0 to 48.0; Scottish medium 46.0 to 48.0. Imported frozen: NZ PL 58.0 to 59.0, PM 52.0 to 53.0. Pork: English, under 100 lb 39.0 to 48.0, 100-120 lb 37.0 to 46.0, 120-160 lb 36.0 to 43.0.

MEAT COMMISSION—Average fatstock prices at representative markets on August 13. GB cattle 74.11p per kg lw (+0.14); UK sheep 111.56p per kg est dcw (−2.59); GB pigs 64.78p per kg lw (+1.64).

COVENT GARDEN — Prices in sterling per package except where otherwise stated: Imported Produce: Oranges — Moroccan: 54/113s 5.00-5.40; Californian/Sunkist: Valencia Lates 72/113s 6.00-6.40; Outspan: Protea/Navels 3.00-5.55; Jaffa: 144/168s 1.25-1.50. Lemons — Italian: 100/150s 5.50-6.00; Spanis: Trays 25/45s 2.40; Outspan: Boxes 6.80-7.50. Grapefruit — Outspan: Marsh Seedless 3.90-5.10. Tangerines — Brazilian: Honey 80/125s per box 7.00, ½-boxes 3.50. Apples — Tasmanian: Democrat 9.50-10.50, Croftons 11.00; S. African: Golden Delicious 13.50; Dutch: 22lb Golden Delicious 4.40; Spanish: 20lb Golden Delicious 4.80-5.00; 40lb 7.50-10.00, Granny Smith 30lb 9.00. Pears — French: per 28lb Dr Guyot 3.30, Williams' 3.80; Italian: per lb Dr Guyot 0.12-0.14 Peaches — Italian: 1½-trays 1.50-2.20; French: 1.00-1.60. Nectarines — Italian: 4.30-5.20. Plums — Spanish: Santa Rosa 1.00-2.00; Italian: Burbanks, approx. 20lb boxes 2.00-2.50 Apricots — Hungarian: per 10lb 2.50. Grapes — per lb Cyprus: Cardinal 0.35, Sultana 0.30, Alphonse Lavallee 0.40. Melons — Israeli: Ogen 3.50-4.00; Spanish: Yellow 10kg 2.80-3.50. Water-Melons — Greek: per 20kg 4.00, per 15kg 3.50 Bananas — Jamaican: 28lb, per lb 0.17. Tomatoes—Jersey: 2.50; Dutch: 2.70. Onions — Spanish: 4.20-4.80. Cabbages — Dutch: White 3.30. Capsicums — Dutch: Green 3.30. Red 7.00. Greengages — Spanish. 2.70-3.40.

English Produce: Potatoes—Per bag, new 1.20 1.40. Mushrooms—Per lb 0.40 0.60. Apples—Per lb Grenadier 0.08 0.10, Howgate 0.12 0.13, George Cave 0.16 0.22, Miller's Seedling 0.20, Discovery 0.20 0.25. Plums—Per 12-lb Rivers 1.20 1.30, Oullin's Gage 1.60. Cabbages—Per bag 1.80 2.00. Cauliflowers—Per 12 1.20 1.60. Peas—Per lb 0.06 0.07. Betroots—Per bag 1.00 1.20. Cucumbers—Trays 10/20 1.180 2.00. Tomatoes—Per 12-lb 2.20 2.40. Lettuce —Per 12, round 1.00 1.10, Cos 1.30, Webbs 1.30. Carrots—New crop 28-lb 1.00 1.30. Onions—Per bag 2.50 2.60. Celery—Per 20/30 2.20 2.60. Marrows—Box 12/15's 0.80 1.00. Capsicums—Per lb 0.20. Runner Beans—Per lb 0.13 0.25. Swedes—Per 28-lb Devon 1.60. Courgettes—Per lb 0.10 0.12. Sprouts—Per lb 0.18 0.20.

CORAL INDEX: Close 473-478 (−7)

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	15½%		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 13 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1805/1835	+5	$1770/90
Copper			
Cas w'bar	£914.5	+11.75	£904.25
3 mths	£932.25	+9.5	£925.75
Cash Cathode	£885	+12	£881.5
3 mths	£907	-11	£903
Gold troy oz	$614.5	+4	$625.5
Lead Cash	£374	+5.5	£321
3 mths	£387	+4.75	£331.5
Nickel	£3,186.43	......	£3,248.35
Freemkt (cif) (lb)	280/305c	......	280/310c
Platin'mtr'y oz	£182.50	......	£182.50
Free mkt	£264.85	+2.70	£278.30
Quicksilver†	$400/415	......	$395/405
Silver troy oz	664.35p	+4.15	673.0p
3 mths	691.30p	+4.80	698.0p
Tin Cash	£7,220	+25	£7,120
3 mths	£7,182.5	+25	£7,135
Tungsten22.04lb	$143.39	......	$143.85
Wolfrm 22.04 lb	$148/151	......	$146/148
Zinc cash	£322.5	-2	£295.5
3 months	£335.25	-1.25	£302.5
Producers	$780	......	$780
Oils			
Coconut (Phil)	$630t	......	$680
Groundnut	‡	......	‡
Linseed Crude	£407	......	‡
Palm Malayan	$540u	......	$580
Seeds			
Copra Philip	$445r	......	$470
Soyabean (U.S.)	$320z	-2	$322.40
Grains			
Barley Futures	£94.55	-0.10	£95.85
Maize			
French No3AM	‡	......	‡
Wheat			
No.1 Red Spg.	‡	......	‡
No2HardWint	£96.75r	......	£91
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,048	+10	£1,118
Future Dec.	£1,038.5	+6	£1,079
CoffeeF t' Nov.	£1,270.5	+17.5	£1,382
Cotton A,Index	84.40c	-0.4	87.50c
Rubber (kilo)	58.75p	+0.75	56p
Sugar (Raw)	£334	+16	£285
Woolt'ps 64s kl.	286p kilo	......	290p kilo

‡ Unquoted. r Aug.-Sept. t Oct. z Indicator. § Buyer. † Per 76-lb flask.

AMERICAN MARKETS

NEW YORK, August 13.

THE GRAIN and soyabean complex declined on large profit-taking and larger cash grain movement. The livestock complex was higher on evening up ahead of the cattle on feed report. Gold registered slight gains on overseas buying while silver was mixed in featureless trade. Copper was higher on the cancellation of talks between Asarco and the United Steelworkers. Sugar closed lower on a higher than expected selling tender by the EEC. Cotton was limit up on continued concern over the conditions of the crop. Coffee was higher on continued dealer interest, while cocoa was lower on commission house liquidation, reported Heinold.

Potatoes (round whites)—Nov. 87.5 (88.9), March 120.3-120.9 (120.4); April 145.0-146.0. Sales: 2,536.

Sugar—No. 11: Sept. 34.25-34.50 (34.78), Oct. 34.85-35.10 (35.41), Jan. 35.60-36.00, March 35.90-36.00, May 35.20-35.30, July 34.00-34.10, Sept. 31.90-32.10, Oct. 31.20-31.35, Jan. 29.00.

Tin—780.00-788.00 (773.00-784.00).

CHICAGO, August 13.

Lard—Chicago loose 22.75 (22.50). New York prime steam 23.00 (same).

Live Cattle—Aug. 74.05-74.20 (73.40), Oct. 70.60-70.45 (69.87), Dec. 69.85-69.65, Jan. 70.55, Feb. 70.90-71.10, April 71.70-71.85, June 72.90.

Live Hogs—Aug. 49.00-49.20 (48.87), Oct. 44.20-44.35 (43.85), Dec. 46.50-46.30, Feb. 49.10, April 48.25-48.40, June 50.60, July 51.10, Aug. 51.05, Oct. 51.10.

‡‡Maize—Sept. 343-343½ (346½), Dec. 342-343 (345¼), March 349½-350½, May 350-350½, July 350½-349, Sept. 339-337.

Pork Bellies — Aug. 50.30-50.10 (49.90), Feb. 62.50-62.70 (62.40), March 62.50-62.70, May 63.00, July 63.00, Aug. 62.80.

Silver—Aug. 1579.0 (1575.5), Sept. —— (1592.5), Oct. 1596.0, Dec. 1626.0, Feb. 1657.5, April 1689.0, June 1720.5, Aug. 1752.0, Oct. ——, Dec. ——, Feb. ——, April ——, June ——, Aug. 1945.0, Oct. ——, Nov. ——.

†Soyabeans—Aug. 761-764 (786), Sept. 769-769½ (773), Nov. 787-790, Jan. 801-802, March 812-813, May 815, July 815, Aug. 811.

||Soyabean Meal—Aug. 212.5 (213.9), Sept. 215.0 (216.8), Oct. 217.5-218.0, Dec. 222.5-222.0, Jan. 224.0, March 226.0, May 225.5, July 226.0, Aug. 222.0-222.5, Sept. 218.0-219.0.

Soyabean Oil — Aug. 26.65-26.70 (27.07), Sept. 26.88-26.90 (27.23), Oct. 27.15-27.10, Dec. 27.45-27.50, Jan. 27.50-27.60, March 27.75, May 27.85, July 27.85, Aug. 27.80-27.90, Sept. 27.80-27.90.

†Wheat—Sept. 454-453½ (459¼), Dec. 473½-474 (479¼), March 490-490½, May 493½-494½, July 492½, Sept. 498-499.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, August 13.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Aug.-Sept. $210, Oct. $214, Nov. $217, Dec. $220. U.S. No. 2 Red Winter Aug.-Sept. $200, Oct. $202.50. U.S. No. 2 Northern Spring, 14 per cent, Aug. $212.50, Sept. $214.50, Oct. $218.50, Nov. $221, Dec. $227. Rest unquoted.

Maize—Afloat $172, Aug. $170, Sept. $168.75, Oct. $167.75, Nov. $168.75, Dec. $171, Jan.-March $174, April-June $174.

Soyabeans—U.S. Two Yellow Gulfports Aug. $307, Sept. $313, Oct. $321, Nov. $321.50, Dec. $326.25, Jan. $330, Feb. $334, March $335.50, April-May $338.60. Argentine Aug. $229.50, Sept. $305 sellers.

Soyameal—44 per cent protein U.S. afloat $252, Aug. $254, Sept. $266, Oct. $272, Nov.-March $278.50. Brazil Pellets afloat $265, Aug. $271, Sept. $278, Oct. $285, Nov.-March $294.

PARIS, August 13.

Cocoa (FFr per 100 kilos)—Sept. 945-970, Dec. 990-1000, March 1010-1020, May 1025-1040, July 1040, Sept. 1050. Sales at call 0.

Sugar (FFr per 100 kilos)—Oct. 3290-3295, Nov. unquoted, Dec. 3340-3345, March 3435-3445, May 3300-3370, July 3240-3300, Aug. 3190-3250, Oct. 3140-3240. Sales at call 5.

INDICES

FINANCIAL TIMES

Aug. 12	Aug. 11	M'nth ago	Year ago
276.4	273.41	274.18	282.21

(Base: July 1, 1952=100)

MOODY'S

Aug. 12	Aug. 11	M'nth ago	Year ago
1236.3	1236.1	1176.8	1065.0

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 12	Aug. 11	Month ago	Year ago
Spot	446.19	443.12	432.21	399.51
F'tur's	458.42	462.84	452.78	408.41

(Average 1924-25-26=100)

REUTERS

Aug. 13	Aug. 12	M'nth ago	Year ago
1722.6	1707.7	1686.4	1562.8

(Base: September 18, 1931=100)

Industrial gloom takes its toll on equity markets
Index down 6 points at 474.6—Fall in Woolworth

Account Dealing Dates
Options

*First Dealings	Declara-tions	Last Dealings	Account Day
July 28	Aug. 7	Aug. 8	Aug. 18
Aug. 11	Aug. 28	Aug. 29	Sept. 8
Sept. 1	Sept. 11	Sept. 12	Sept. 22

* "New time" dealings may take place from 9 am two business days earlier.

Dull conditions returned to equity markets yesterday against a backdrop of the deepening recession revealed in the latest industrial production figures and the announcement of further large cutbacks by Talbot and Leyland Vehicles following hard on the heels of similar moves by Vauxhall.

The *half-yearly trading loss* announced by **Woolworth** and the *reduced* interim dividend proved much worse than the market expected and served to further dampen sentiment, particularly in the Stores sector.

Lack of support, rather than the weight of selling, was *responsible for the downtrend in* leading Industrials. A modest attempt at a rally during the afternoon soon fizzled out and the FT 30-share index closed at the day's worst with a fall of 6 points at 474.6. Few firm features *developed* to relieve the surrounding gloom, but the start of dealings *in* **Charterhouse Petroleum** created a considerable amount of interest in the early dealings; offered for sale at 68p, the 25p Ordinary shares opened *at 73p and improved to close at* 75p in a reasonably brisk turnover. Measured by Total Bargains of 16,626, overall trade was at its lowest since June 6.

Among the sectors, the gloomy *news from* the industry prompted dullness in Motors and allied companies, with **GKN** a major *weak spot.*

Activity in Gilt-edged stocks remained at a fairly low ebb awaiting the announcement of today's money supply figures. Early suport lifted mediums and longs by around ⅜ before a little selling developed and left quotations only ⅛ better, or un*changed, on balance.*

South African Gold Mining *shares staged a modest rally* after the recent sharp setback. The Gold mines index, at 354.2, picked up 6.2 of the previous two-day fall of 312.2.

Business in Traded options was more widely spread than of late. Contracts completed amounted to 709, slightly below the previous day's total. The more active issues included **Lonrho, 158,** ***Imperial, 145, and P and O 116,*** while **Commercial Union** attracted 103 deals.

Yesterday's official London debut of **United Energy Resources** passed off quietly; from an opening level of £16⅛, *the shares encountered small* offerings and closed at £16. Elsewhere in recently issued equities, **Bakr Eelctronics**, which made a successful debut last week, attracted profit-taking and shed 4 to 103p.

UDT suspended

Having been sold down to 59p awaiting the preliminary results, **UDT** had steadied to 61p when dealings in the shares were suspended at 2.30 pm prior to the after-hours announcement which accompanied the poor annual *figures that the Trustee Savings* Bank is to acquire a 75 per cent *interest in the group's instal*ment credit business; dealings in the stock are to be resumed at 9.30 am today. Other Hire Purchases drifted lower in sympathy with UDT's profits setback and closed with falls ranging to 4. **Lloyds and Scottish** softened that much to 148p, while **Provident Financial** *eased 2 to 132p and* **FNFC** 1½ to 24½p. Apart from NatWest, which edged forward 2 to 360p, the major clearers drifted lower. **Lloyds** declined 6 to 302p, **Midland** 5 to *320p* and **Barclays** 3 to 392p. ***Leopold Joseph*** *closed unaltered at 180p:* the price in yesterday's issue was *incorrect.*

In the wake of Commercial Union's satisfactory interim results, **General Accident** reported first-half profits at the top end of market expectations and the shares closed 6 better at 308p: CU gained 3 to 149p. Other Composites to make sympathetic progress included ***GRE***, 6 higher at 310p, and **Phoenix**, 4 better at 260p.

Dull initially, leading Building *issues attracted a few cheap* buyers at the lower levels and usually closed above the worst. **Blue Circle** regained the overnight level of 358p, after 354p, while **BPB** closed 5 off at 225p, after 224p, and **Tarmac** finished *3 cheaper on balance at 261p.* after 260p. **London Brick**, a weak *market recently on worries about* the forthcoming interim results, eased to 69½p before settling a fraction cheaper on balance at 70½p. Elsewhere, **W. and J. Glossop**, which reported an annual loss last Tuesday, jumped 6 *to 44p on bid hopes.* In Timbers, **Magnet and Southerns**, at 160p, recovered 3 of the previous ady's fall of 8, but **Montague L. Meyer** eased a penny more to 91p. ***Brownlee*** *hardened* a penny to 85p on news that **International Timber** had increased its stake in the company to 18 per cent.

Woolwórths weak

Partly reflecting the poor half-yearly results of associate Carrington Viyella, **ICI** shed 6 to 360p. Among other Chemicals, **Yorkshire** *shed 4 to 34p on lack* of support, while **Anchor** eased *3 to 78p* and **R. M. Morley** 5 to 80p. Against the trend, **British Benzol** added a couple of pence to 25p.

The first-half trading loss and *reduced interim dividend left* **Woolworths** 4½ down at 51p. Other Store *majors* trended easier in sympathy, although *most* ended a shade above the day's lowest. **British Home** closed 5 down at 154p, after 152p, while recent bid favourite **House of Fraser** shed 4 to 143p, after 142p. **Debenhams**, 69p, and **GUS A**, 436p, both gave up 4, while **Raybeck** and **UDS** both fell 3, to 60p and 68p respectively. Among secondary issues, **W. H. Smith** dipped 4 to 142p, while *mail-orders were also depressed.* **Grattan**, 64p, and **Freemans**, 122p, losing a similar amount. **Grant Brothers** held at 110p following the annual loss. Scattered upward movements were apparent in **Cornell Dresses** which gained a couple of pence to 20p on speculative support and **A. G. Stanley**, up 2 more to 73p; the latter is due to announce interim results on September 5.

Recently firm Electricals *drifted easier with GEC losing* 8 to 476p and **Racal** 4 to 277p. **Dreamland** fell 3 to 28p following the interim deficit, but **Wholesale Fittings** continued to attract support on last week's annual results and capital proposals and rose 25p for a four-day jump of 120 at 845p. Support was again forthcoming for **Derritron**, 3½ better at 33½p, with the nil-paid a similar amount up at 21p.

Reflecting the current plight of the motor industry, **GKN** encountered selling and fell away gradually to close 8 down at the day's lowest level of 230p. Other *Engineering leaders* moved in a similar direction with **Hawker** losing 4 to 226p and **Vickers** 3 to 116p. Confirmation that the Office of Fair Trading is to investigate its Raleigh Industries subsidiary left **Tubes** only a couple of pence lower at 244p, after 242p. Elsewhere, **Renold** rose 4 to 80p in response to Press comment and **Pegler-Hatersley** added 2 more to 136p after 138p, on further consideration of the sale to Smith International Inc. of California of its jointly owned McEvoy Oilfield equipment operations for £34m. Renewed speculative support *lifted* ***Anderson Strathclyde*** 2½ more at 104p, while **Blackwood Hodge** hardened a similar amount to 48p. Initially sold down to 7p on consideration of the £179,000 annual deficit, **Abwood Machine Tools** rallied to close unaltered at 9p. **Davy Corporation** lost 4 to 102p. **Prestwich Parker** were unchanged at 33p; the price in yesterday's issue was incorrect.

Leading Foods encountered small scrappy selling which left **Rowntree Mackintosh** 4 cheaper at 148p and **British Sugar** 3 *easier at 258p.*

Savoy A, at 127p, relinquished a penny of the previous day's gain of 4 on confirmation that Rothschild Investment Trust had significantly reduced its holding in the company.

Toye good

Secondary issues provided the main points in miscellaneous industrials. Press comment attracted buyers to **Toye** and the close was 7 higher at 67p, while **Securicor** gained 5 to 145p and **Security Services** rose a similar amount to 147p following their interim announcements. Far-eastern advices left improve*ments of 3 and 6 respectively* in **Wheelock Marden**, 48p, and **Jardine Matheson**, 177p. Adverse comment prompted a reaction of 4 to 22p in **Solicitors Law Stationery**, while **Holt Lloyd** lost 6 to 82p with sentiment affected *by the deteriorating state of the* motor industry. The Board's profits warning at the AGM led to a fall of 4 to 69p in **LCP**, while **Bruntons Musselburgh** came on offer at 78p, down 10. **De La Rue** shed 10 to 800p and **English China Clays** 3 to 99p. ***Letraset*** *dipped* 5 to 188p after profit-taking in the wake of the favourable preliminary figures. The leaders moved lower for want of support. **Turner and Newall** lost 3 to 119p and **Glaxo**, 226p, and **Rank Organisation**, 170p, gave up 4 apiece.

Horizon Travel became a firm spot in the Leisure sector, rising 5 to 255p in response to the pleasing interim results. **Joseph Webb** held at 23½p despite the increased annual profits and the proposed one-for-ten scrip issue.

Falling car sales and further announcements of short-time working in the industry unsettled Motor sectors. Among Components, **Associated Engineering** gave up 3 more to 53p on reflection of the sale of two subsidiary companies to Armstrong Equipment, while **Lucas** eased a couple *of pence to 209p.* ***Flight Refuelling*** dipped 4 at 249p, while **Automotive Products** declined a similar amount to 62p in front of today's half-timer. Losses in Distributors were usually restricted to 2, but **Lex Service**, 82½p, and ***Adams and Gibbon***, 60p, both fell around 4. **Rolls-Royce** relinquished 2½ to 56½p, while the chairman's gloomy annual statement left **ERF** 4 cheaper at 65p.

Apart from **Imry**, which rose 35 to 765p on the annual results and property revaluation, Properties had a decidely dull appearance. Selling was fairly *persistent and left* **Land Securities** 6 lower at 358p and **MEPC** 3 off at 226p. Elsewhere, **Hong Kong Land** put on 7 to 131p reflecting far-eastern *advices.*

Competition in the market forcing major oil companies to cut prices caused renewed dullness in Oils, but closing levels were above the worst in places. **Lasmo** finished 16 lower at 692p, after 687p, while **Shell** ended 6 off at 408p, after 406p. **British Petroleum** shed 4 to 350p on lack of interest; the new restricted transfer shares slipped to 346p before reverting to the opening *level of 350p.* ***Ultramar*** *eased 4* to 346p awaiting today's interim *results, while* **Tricentrol** gave up 6 to 334p. Onshore explorers **Candecca Resources** came under pressure and fell 9 to 186p, while **Carless Capel** eased 4 to 150p.

Carrington Viyella fell to 9p in immediate response to the first-half loss and passed interim dividend; support was noted at *the lower levels however,* and the close was unchanged at 11p.

In Plantations, **Guthrie** added 12 to 812p; the price in yesterday's issue was incorrect.

Golds improve

South African Golds staged a minor rally in line with the better trend in the bullion price—the latter was finally $4 up at $614.50 an ounce. The Gold Mines index, at 354.2, recovered 6.2 of the 31.2 lost earlier in the week.

Good overnight American demand encouraged jobbers to mark prices higher in the morning. The improvement continued for most of the day, reflecting persistent general *buying* and *short covering,* but turned easier in the after-hour's trade.

Heavyweights were left showing gains usually ranging to a full point, as in **Buffels**, £17½, **Kloof**, £13¼, **Western Deep** £19¾ and **Free State Geduld** £26½. The *outstanding rise was made by* **President Brand** which advanced £1¾ to £21¾.

Medium and lower-priced stocks were mixed with **Blyvoor** 37 ahead at 652p but **ERGO** 14 off at 374p and **Unisel** 12 down at 515p.

South African Financials per*formed similarly to Golds.*

London Financials were steady to a fraction easier reflecting the decline in the UK equity market.

Trading in Australians was down to a trickle but the market held up well in the face of the *poor performances by overnight* Sydney and Melbourne markets.

Western Mining rose 6 to 293p.

In oil-shales, **Central Pacific Minerals** attracted good support, still reflecting rumours of a possible share split, and added a further ¼ to £32.

Among Golds, **Poseidon** moved up 6 to 214p and **North Kalgurli** added 3 to 82p.

Tins were again active despite the closure of Kuala Lumpur and Singapore markets. **South Crofty** dropped 3¼ to 24½p following the change in accounting methods and the poor start to the company's financial year; **Geevor** fell *5 to 155p in sympathy.*

Dealings resumed in **Tanjong** which were suspended last Thursday following a bid approach; after opening at 115p, the shares rose to 125p before closing at 120p. Elsewhere in Tins, bid *hopes* lifted **Ayer Hitam** 15 *to* 320p, **Hongkong** 30 to a 1980 high of 350p and **Killinghall** *20* to 320p.

FINANCIAL TIMES STOCK INDICES

	Aug. 13	Aug. 12	Aug. 11	Aug. 8	Aug. 7	Aug. 6	A year ago
Government Secs.	69.33	69.34	69.53	69.81	69.49	68.67	74.08
Fixed Interest	70.49	†70.39	70.60	70.68	70.41	70.57	74.72
Industrial	474.6	480.6	479.0	481.1	478.2	473.1	474.2
Gold Mines	354.2	348.0	362.3	379.2	380.1	375.0	168.3
Ord. Div. Yield	7.62	7.54	7.55	7.53	7.59	7.69	6.84
Earnings, Yld. % (ful)	17.91	17.70	17.72	17.72	18.17	18.40	17.28
P/E Ratio(net) (*)	6.75	6.83	6.82	6.83	6.63	6.55	7.29
Total Bargains	16,626	17,865	18,861	20,696	19,815	19,254	—
Equity turnover £m	—	100.54	96.91	113.52	103.17	103.23	65.36
Equity bargains total	—	13,040	13,167	15,092	12,018	15,084	10,872

10 am 477.6 11 am 476.0. Noon 474.7. 1 pm 474.9.
2 pm 475.2. 3pm 475.5.
Latest Index: 01-246 8026.
* *Nil*=6.29.

Basis: 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.64 (21/7)	63.85 (7/5)	127.4 (9/1/55)	49.18 (8/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	503.1 (16/7)	406.9 (5/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	383.8 (29/7)	265.5 (18/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 13	Aug. 12
—Daily		
Gilt Edged	93.0	105.6
Industrials	90.8	88.1
Speculative	29.5	32.2
Totals	61.4	62.1
5-day Avrge.		
Gilt Edged	113.7	120.9
Industrials	97.2	100.8
Speculative	34.1	34.6
Totals	67.7	70.5

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (43)

BRITISH FUNDS (2)
Exchqr. 3pc 1981 — Treas. 3pc 1982
CANADIANS (1)
Can Pacific Enterprises
ELECTRICALS (7)
Automated Security — Emess Lighting
Cray Electronics — Sony
Crystalate — Wholesale Fittings
Derritron
ENGINEERING (2)
And'son, Strathclyde — Howden Group
FOODS (1)
Assoc. Brit. Foods
INDUSTRIALS (14)
Applied Computer — Polymark
Baxter Travenol — Securicor
Dover Corp. — Do. A N.V.
Huntleigh — Security Services
James (M.) Inds. — Do. A N.V.
Kennedy Smale — Vinten
Office & Electronic — Wheelock Marden
PROPERTY (3)
Imry Property — Utd Real Prop.
Lend Lease
TEXTILES (1)
Toray
TRUSTS (3)
Gresham House — Selected Mkt. Ptg.
Tribune Inv. — Red. Pref.
MINES (9)
Rand London — Hongkong Tin
Rand London Coal — Idris
Bond Corp. — Killinghall
Nickelore — Tanjong
Gopeng Cons.

NEW LOWS (28)

CHEMICALS (2)
Morley (R. H.) — Yorks. Chemicals
STORES (4)
Cope Sportswear — Vantona
Steinberg — Woolworth
ELECTRICALS (1)
Wigfall (H.)
ENGINEERING (2)
Abwood — Lee (A.)
INDUSTRIALS (8)
Barrow Hepburn — Elson & Robbins
Beatson Clark — Norvic Secs.
Canning (W.) — *Rexmore*
Cole (R. H.) — United Gas
LEISURE (1)
Barr & W.A.T. A
MOTORS (1)
Adams & Gibbon
NEWSPAPERS (2)
Intl. Thomson — *Intel. Thomson Conv.*
SHIPPING (1)
Gotaas-Larsen
SHOES (1)
Lambert Howarth
TEXTILES (2)
Carrington Viyella — Homfray
OVERSEAS TRADERS (1)
Jamaica Sugar
MINES (2)
Consld. Murchison — SPO Minerals

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	40	4	58
Corpns. Dom. and Foreign Bonds	19	1	46
Industrials	127	311	955
Financial and Prop.	72	135	289
Oils	7	26	23
Plantations	3	—	22
Mines	56	48	56
Others	22	77	70
Totals	346	602	1,511

LEADERS AND LAGGARDS

Percentage changes since December 31, 1979, based on Tuesday, August 12.

Merchant Banks	+49.94	Industrial Group	+20.63
Mining Finance	+49.24	Mechanical Engineering	+20.44
Electricals	+48.71	Other Groups	+19.89
Insurance (Life)	+46.73	Food Retailing	+19.51
Shipping	+39.24	500-Share Index	+19.35
Property	+38.62	*Pharmaceutical Products*	+16.50
Hire Purchase	+37.72	Metal and Metal Forming	+15.76
Electronics, Radio and TV	+37.10	Consumer Goods (Non-Durable) Group	+14.90
Investment Trusts	+33.34	Engineering Contractors	+14.81
Capital Goods Group	+30.71	Oils	+14.60
Gold Mines FT	+29.56	*Newspapers and Publishing*	+14.51
Discount Houses	+29.29	Breweries	+13.37
Building Materials	+28.42	Tobaccos	+13.36
Contracting and Construction	+26.64	*Packaging and Paper*	+13.06
Insurance Brokers	+25.58	Chemicals	+12.33
Financial Group	+25.98	Food Manufacturing	+11.49
Overseas Traders	+24.37	Wines and Spirits	+ 6.13
Insurance Composite	+23.58	Banks	+ 3.44
Consumer Goods (Durable) Group	+22.87	Office Equipment	+ 2.56
All-Share Index	+22.01	Motors and Distributors	− 0.45
Entertainment and Catering	+21.30	Textiles	− 1.91
Stores	+21.23	*Household Goods*	−19.47
		Toys and Games	−42.17

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Aug. 13, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., Aug. 12 Index No.	Mon., Aug. 11 Index No.	Fri., Aug. 8 Index No.	Thur., Aug. 7 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	276.42	−0.9	16.51	5.96	7.31	278.95	278.56	277.71	275.59	246.76
2	Building Materials (28)	252.80	−0.7	18.20	6.63	6.46	254.51	255.60	256.37	254.27	228.14
3	Contracting, Construction (27)	408.26	−0.7	22.73	5.96	5.23	411.23	412.39	413.14	408.46	371.91
4	Electricals (17)	808.01	−1.2	11.92	3.29	10.27	817.44	815.63	810.38	799.47	623.15
5	Engineering Contractors (11)	328.65	−0.5	20.66	7.93	6.07	330.29	329.21	332.66	334.21	365.95
6	Mechanical Engineering (73)	179.54	−0.5	17.06	7.43	7.15	180.40	179.00	178.34	178.14	176.72
8	*Metals and Metal Forming (16)*	*164.80*	−1.8	21.99	*10.30*	5.43	*167.74*	*168.08*	*166.59*	*166.33*	*164.23*
	CONSUMER GOODS										
11	(DURABLE) (49)	231.42	−1.1	14.20	5.52	8.46	233.94	232.96	232.12	230.49	235.41
12	Lt. Electronics, Radio, TV (14)	348.40	−0.8	11.02	4.04	11.13	351.15	350.65	348.87	345.13	331.46
13	Household Goods (14)	93.82	+0.1	25.83	10.92	4.89	93.74	93.89	94.10	94.14	150.34
14	Motors and Distributors (21)	100.82	−2.3	22.42	9.32	5.12	103.15	101.66	101.67	102.06	114.11
	CONSUMER GOODS										
21	(NON DURABLES) (172)	231.80	−1.0	17.79	6.96	6.79	234.10	233.29	233.13	231.33	241.51
22	Breweries (14)	284.13	−0.9	16.00	6.48	7.30	286.64	283.57	283.71	278.98	289.95
23	*Wines and Spirits (5)*	309.00	−0.7	19.63	6.59	5.99	311.09	310.37	317.13	315.73	321.99
24	Entertainment, Catering (17)	328.48	−1.0	17.58	6.81	7.05	331.72	327.17	331.63	326.13	312.78
25	Food Manufacturers (21)	211.79	−0.1	19.13	7.09	6.14	212.03	209.66	209.98	208.19	206.49
26	Food Retailing (13)	349.43	−0.6	12.08	4.56	9.88	351.45	349.04	350.04	347.39	316.65
32	Newspapers, Publishing (13)	435.13	−1.1	21.61	7.36	6.10	439.94	433.55	433.10	431.84	414.41
33	Packaging and Paper (15)	129.79	−0.4	27.53	10.09	4.22	130.30	132.35	132.29	130.89	127.63
34	Stores (45)	227.26	−1.9	13.87	5.54	9.40	231.75	232.30	229.80	228.92	251.15
35	Textiles (21)	121.74	−1.2	*27.00*	*12.97*	4.51	123.17	123.73	124.02	124.22	154.66
36	Tobaccos (3)	225.16	−0.2	25.49	10.34	4.46	225.56	225.56	225.45	224.47	244.99
37	Toys and Games (5)	27.17	−1.3	8.28	14.03	27.94	27.52	27.52	27.17	27.08	78.76
41	OTHER GROUPS (99)	222.10	−1.0	16.63	6.98	7.14	224.41	223.32	223.04	221.30	202.69
42	Chemicals (16)	307.95	−1.3	20.15	7.83	5.69	311.95	310.78	310.82	308.87	280.31
43	*Pharmaceutical Products (7)*	223.44	−1.2	11.33	6.19	10.92	226.04	223.93	223.95	218.95	224.47
44	Office Equipment (6)	104.38	−1.9	19.40	7.95	6.02	106.43	105.25	105.50	106.13	119.09
45	*Shipping (10)*	*594.24*	*+0.6*	12.92	5.94	9.44	590.53	586.80	583.04	577.80	447.01
46	Miscellaneous (60)	279.83	−0.9	16.17	6.61	7.56	282.39	281.73	280.95	280.24	243.29
49	INDUSTRIAL GROUP (492)	248.10	−1.0	16.92	6.59	7.11	250.55	249.73	249.31	247.41	240.22
51	Oils (8)	787.94	−1.3	28.18	6.54	3.92	798.07	803.99	797.74	782.35	641.04
59	500 SHARE INDEX	290.90	−1.0	19.28	6.58	6.07	293.96	293.63	292.78	289.84	272.79
61	FINANCIAL GROUP (118)	227.04	−0.4	—	5.64	—	227.92	226.09	226.38	224.90	191.62
62	Banks (6)	226.00	−0.8	44.69	7.44	2.66	227.90	227.12	228.29	227.14	222.26
63	Discount Houses (10)	282.86	−0.2	—	6.27	—	283.54	284.38	284.03	281.94	263.39
64	Hire Purchase (5)	222.19	−2.4	13.94	4.50	9.35	227.69	231.31	228.24	227.29	167.71
65	*Insurance (Life) (10)*	*228.37*	*−0.5*	—	*5.58*	—	229.46	225.39	224.87	222.95	*150.83*
66	Insurance (Composite) (9)	151.97	+1.1	—	7.16	—	150.36	147.91	148.54	148.89	125.46
67	*Insurance Brokers (9)*	334.20	−0.5	13.90	6.90	9.88	336.00	333.00	333.56	332.40	267.61
68	Merchant Banks (12)	135.04	+0.3	—	5.26	—	134.57	134.03	133.39	133.48	99.40
69	Property (45)	434.37	−1.1	3.26	2.71	42.73	439.06	436.69	437.14	429.99	372.54
70	Miscellaneous (12)	141.13	—	14.66	6.25	8.67	141.15	140.66	140.01	139.63	117.61
71	Investment Trusts (109)	256.29	−0.1	—	5.61	—	256.66	255.32	254.88	253.04	212.74
81	Mining Finance (3)	240.05	−0.7	12.51	4.36	9.62	243.70	243.18	244.81	241.35	124.82
91	Overseas Traders (20)	418.81	+1.3	11.98	7.05	10.06	413.39	414.89	416.05	411.54	343.03
99	ALL-SHARE INDEX (750)	278.11	−0.8	—	6.30	—	280.36	279.71	279.26	276.63	249.71

FIXED INTEREST PRICE INDICES

	British Government	Wed., Aug. 13	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	105.11	+0.17	—	6.73
2	5-15 years	110.48	+0.07	—	8.43
3	Over 15 years	116.29	+0.06	0.22	8.27
4	Irredeemables	128.92	−0.28	—	7.24
5	All stocks	110.37	+0.09	0.08	7.65

	FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Wed., Aug. 13	Tues., Aug. 12	Year ago (approx.)
1	Low Coupons	5 years	12.07	11.98	9.75
2		15 years	12.07	11.98	10.35
3		25 years	12.07	11.98	10.91
4	Medium Coupons	5 years	13.44	13.47	11.70
5		15 years	13.36	13.38	11.85
6		25 years	13.29	13.29	0.00
7	High Coupons	5 years	13.66	13.70	12.11
8		15 years	13.73	13.74	12.36
9		25 years	13.55	13.55	12.25
10	Irredeemables		11.51	11.47	10.60

		Wed., Aug. 13 Index No.	Wed., Aug. 13 Yield %	Tues. Aug. 12	Mon. Aug. 11	Friday Aug. 8	Thurs. Aug. 7	Wed. Aug. 6	Tues. Aug. 5	Mon. Aug. 4	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	54.37	†13.64	54.37	54.47	54.63	54.71	54.90	55.50	56.54	68.42
16	Investment Trust Prefs. (15)	50.52	13.57	50.76	50.76	50.11	50.73	50.85	50.94	50.94	51.11
17	Coml. and Indl. Prefs. (20)	66.97	13.38	66.98	66.73	66.67	66.82	67.78	68.58	68.58	71.40

† Redemption yield. [illegible] ...cs and constituent changes are published in Saturday issues. A lis[illegible] ...ublishers, the Financial Times, Bracken House, Cannon Street, London, E[illegible]

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ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Charterhouse Pet. 'New'	25p	8	75	—	75	72
ICI	£1	8	360	− 6	402	348
Brit. Home Stores	25p	6	154	− 5	164	112
Commercial Un.	25p	6	*149*	+ 3	162	125
LRC Intl.	10p	6	34	—	36	25
Marks & Spencer	25p	6	98	− 2	102	77
NatWest Bank	£1	6	360	+ 2	390	305
Racal Electronics	25p	6	277	− 4	290	[illegible]
Woolw'th (F. W.)	25p	6	51	− 4½	71½	51
Barclays Bank	£1	5	392	− 3	430	327
Beecham	25p	5	143	− 2	160	108
Boots	25p	5	219	− 2	222	158
Derritron	10p	5	33½	+ 3½	35	14
GEC	25p	5	476	− 8	494	326
Shell Transport	25p	5	403	− 6	432	314

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
Aug. 4	Aug. 15	Nov. 6	Nov. 17
Aug. 18	Aug. 29	Nov. 20	Dec. 1
Sept. 8	Sept. 19	Dec. 4	Dec. 15

For rate indications see end of Share Information Service

Stocks favoured for the call included **FNFC, London Investment Trust, Tricentrol, Higgs and Hill, Lonrho, Baker Electronics, Kwik-Fit, Charterhouse Petroleum, Tabbitt Bros., Britannia Arrow, Dunlop** and **Town and City Properties.** A put was dealt in **Peerless**, while *doubles were arranged in* **House of Fraser, Lonrho** and **Woolworths.**

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p:	+ or —	Div. p: or Amount	Times Covered	Gross Yield	P.E. Ratio
¶¶	F.P.	—	350	346	BP Restricted Trans.	350	......	17.5	4.7	7.1	3.3
§60	F.P.	—	112	91	††Baker Electrnics 10p	103	−4	b5.35	2.0	5.2	11.1
68	F.P.	—	75	72	Charterh'se Petrol'm	75	......	b1.09	4.0	2.1	17.0
§38½	F.P.	—	100	80	Energy Capital (12½p)	68	......	—	—	—	—
¶¶	F.P.	—	260	215	††Hall Bros	253	......		—	—	—
55	F.P.	..	96	74	Home Farm Prods 10p	96	......	b2.9	2.5	4.3	15.1
160	F.P.	—	165	135	††Marinex 10p.	140	−4	—	—	—	—
100	F.P.	—	110	91	Peerless	91	......	b6.3	2.8	9.9	4.5
§51	F.P.	—	78	67	††Rolfe & Noland 10p.	73	......	t1.0	3.5	2.0	20.5
§57	F.P.	—	85	73	††Utd. Electronic 20p	78	......	b1.57	2.2	2.9	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or —
‖	F.P.	23/7	120	109½	British Home Stores 9% Cnv. Ln. '92	118	......
98	£80	19/9	18¾	16½	Denmark 13% 2005	16½	......
**	F.P.	28/11	102	100	*Outwich 10% Pref.*	*100½*	−1½
¶	F.P.	8/8	105½	101½	South Staff. Water 9¾% Rd. Pf. '85	104	......
¶	F.P.	29/8	104	103	Sunderl'd & S.Shields Wtr 9½% Rd. Prf. 1985	103¾	......

"RIGHTS" OFFERS

Issue Price p:	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing Price p:	+ or —
65	F.P.	5/8	1/9	105	88	Anderson Strathclyde	105	+2
103	F.P.	14/7	15/8	127	117	Astbury & Madeley	118	−2
132	F.P.	23/7	6/9	173	146	Berisford (S. & W.)	173	......
55	F.P.	22/7	15/8	75	61	Charterhall	62	−2
34	F.P.	1/8	29/8	56	48	Clive Discount	48	......
92	F.P.	30/7	12/9	138	123	Coalite	134	−1
50	Nil	25/7	22/8	92pm	85pm	*Crest, Nicholson*	*90pm*	......
15	Nil	22/8	19/9	25pm	11½pm	Derritron	21pm	+3½
100	Nil	15/8	12/9	292pm	27pm	Ferranti	288pm	+3
75	F.P.	30/7	20/8	96	87	Hazelwood Foods	93	......
265	F.P.	1/7	15/8	374	307	Land Securities	361	−3
80	F.P.	15/8	12/9	110½	89½	Lonrho	91	+1
120	Nil	16/8	26/9	30pm	22pm	McKay Secs.	25pm	......
52	F.P.	28/7	26/8	81	55	Mallinson-Denny	69	......
75	Nil	20/8	10/9	38pm	18pm	Polly Peck	18pm	−2
10	Nil	13/8	3/9	3½pm	1pm	Sturla	1pm	......
12½	F.P.	31/7	26/8	13½	12	Thurgar Bardex	11½	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on *prospectus estimate.* *g Assumed dividend and yield.* *u Forecast* dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. *‡ Cover allows for conversion* of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. ┌┐ Issued to former *Preference holders.* ■ *Allotment letters (or fully paid).* ● *Provisional* or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ London Listing. ‡ Dealings under special rule.

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7 New St., St. Peter Port, Guernsey 0481 26541/2
American 0.5 (USc) 115.3 121.4 — —

Henderson Baring Group
601, Gloucester, 11, Pedder, Hong Kong
Japan Fd. *Aug. 6 US$19.30 20.14
Japan Tech. Aug. 11 US$11.337
Malay Singpr. Aug. 5 12.777

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Fd. July 31 US$38.67xd
Murray Fund July 31 US$17.61xd
Pacific Fd. July 31 US$4.64

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund US$5.57 534.15

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4. 01-248 9646

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	52.0	55.9	−0.2	2.59
Abbey Capital	40.3	43.6	−0.2	5.62
Abbey General	51.0	55.1xd	−0.2	5.70
Abbey Gilt & F.I. Tst.	111.6	117.5	+0.4	11.64
Abbey Income	33.9	36.7	−0.2	9.43
Abbey W'Wide Bd Tst.	93.6	99.1	+1.4	6.76
Abbey Inv. Tst. Fnd.	43.9	47.4xd	.....	5.36
Equitas Prog. Trust	77.3	83.6	−0.5	5.16

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref	89.3	93.9xd	.....	12.75

Allied Hambro Ltd. (a) (b)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	84.5	90.4	−0.2	5.86
Brit. Inds. Fund	74.1	79.3	−0.2	6.56
Growth & Income	45.4	48.6	.....	5.72
Elect. & Ind. Dev.	41.6	44.5	−0.1	5.51
Allied Capital	87.2	93.3	−0.1	4.77
Hambro Fund	127.5	136.4	−0.3	6.36
Hambro Acc. Fund	160.8	172.0	−0.6	5.23

Income Funds

High Yield Fd.	63.7	68.2xd	−0.2	10.48
High Income	75.6	80.9	−0.1	7.79

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 02[illegible]

Growth Fund	66.0	69.4	.....	4.[illegible]

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 49[illegible]

High Income	37.0	40.4xd	−0.1	[illegible]
North American	52.6	56.7	−0.3	[illegible]
Canadian Exempt*	63.1	66.6	.....	[illegible]
Canadian Trust	60.1	64.9	−0.3	[illegible]
Mid Mount High Inc.*	50.0	52.8	.....	[illegible]
Recovery	56.7	61.7	−0.1	[illegible]
Gilt Trust	43.6	45.6xd	−0.4	[illegible]

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 49[illegible]

Cres. Amer. Fd	31.5	34.0	−0.3	[illegible]
Cres. Internat'l.	65.7	70.9	+0.1	[illegible]
Cres. High. Dist.	41.1	44.3	.....	[illegible]
Cres. Reserves	47.3	51.0xd	−0.1	[illegible]
Cres. Tokyo	21.1	22.7	+0.2	[illegible]

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 763[illegible]

Total Perf. Unit Tst.	24.0	25.4	.....	12.5[illegible]

Discretionary Unit Fund Managers
Bilbao Hse., 36/38 New Broad St., EC2M 1NU.
01-638 4485

Disc. Inc. Aug. 8	220.9	235.6	.....	5.5[illegible]

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 889[illegible]

Great Winchester	17.1	18.8xd	.....	[illegible]
Gt. Winchester O'seas	23.7	26.1	.....	[illegible]

Emson & Dudley Tst. Mngmnt. Ltd.
20a Albemarle St., W1. 01-493 321[illegible]

Emson Dudley Tst.	82.0	88.2	.....	6.0[illegible]

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CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
91	82¼	Aust. 5½pc '81-82	89¼	+½	6.28	14.33
85¼	72½	Do. 6pc 1981-83	83¾	+½	7.25	12.52
67	58	N.Z. 7¼pc 1968-92	65	+¼	11.27	13.29
81½	72	Do. 7½pc '83-86	79½	+½	9.56	12.82
96¼	88	Sth. Africa 9½pc '79-81	95	+¼	10.11	16.28
160	95	S. Rhod. 2½pc Non-Ass.	99	−1	—	29.38
169	133	Do. 6pc '78-81 N.-As.	142	......	—	29.99

LOANS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
Public Board and Ind.						
64½	56½	Agric. Mt. 5pc '59-89	59½	......	8.41	12.77
83½	73½	Alcan 10½pc '89-94	81	......	14.47	15.40
29¾	25	Met. Wtr. 3pc 'B'	27¼xd	+¼	10.91	13.00
103	89	U.S.M.C. 9pc 1982	100	......	9.16	—
92	85½	Do. without Warrants	90½	......	10.15	13.75
Financial						
99⅛	96½	FFI 13pc 1981	98½	......	13.19	16.16
101½	93½	Do. 14pc '83	99	......	14.15	14.36
88	79½	FFI(UK Fn)5½pcDb. '80-2	86½	......	6.52	14.29
82½	71½	Do. 6¼pcDb. '81-84	79½	......	8.04	13.30
92	80½	Do. 10½pc Uns.Ln. '86	89½	......	11.89	13.60
91½	77	Do. 11pc Uns.Ln. '88	88½	......	12.60	13.40
93½	82	Do. 11¾pc Uns.Ln. '90	90½	......	13.18	13.85
101	84½	Do. 12½pc Un. Ln. 1992	90½xd	......	13.81	14.20
66½	56	Do. 7¼pcADeb. '89-92	63	......	11.85	13.95
66½	51½	Do. 7¼pcA Db. '91-94	62½	......	12.28	13.95
76½	64½	Do.9pc'A' '91-94	74	......	12.84	13.90
71½	61	Do.8⅞pcLn. '92-97	67½	......	13.24	13.90

FOREIGN BONDS & RAILS

1980 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
82	43	Antofagasta Rly.	75	......	—	—
55	50	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	[illegible]
58	20	Chinese 4½pc 1898	20	......	—	—
45	18	Do. 5pc 1912	18	......	—	—
24	13	Do. 5pc 1913	14	......	—	—
24	15½	Do. 5pc 1925 Boxer	15½	[illegible]		

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PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
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Australian

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	19	......	—	—	—
120	52½	Bond Corp.	120	+2	hQ2.8c	2.2	1.2
156	88	Bougainville I Kina.	126	–1	hQ26.2c	1.0	11.5
265	195	BH South 50c	200	......	←	—	—
356	230	CRA 50c	282	+2	Q15c	2.1	9.2
25	11½	Canada Northwest	19½	–½	—	—	—
42	8	Carr Boyd 20c	33	–2	—	—	—
£36⅛	£15¾	Central Pacific	£32	+⅞	—	—	—
41	17	Coitus Pacific N.L.	32	......	—	—	—
52	20	Eagle Corp. 10c	36	......	—	—	—
27½	15¾	Endeavour 20c	25	......	—	—	—
464	175	G. M. Kalgoorlie 25c	400	......	†Q3c	—	0.4
46	15	Great Eastern	21½	......	—	—	—
460	260	Hamptn Areas 5p.	440xd	–5	4.5	2.4	1.5
204	30	Haoma Gold N.L.	140	+2	—	—	—
50	15	Intl. Mining	48	–2	—	—	—
720	80	Leichardt Expln.	195	–5	—	—	—
77	41	Metals Ex. 50c	70	–2	—	—	—
312	187	M.I.M. Hldgs. 50c	250	–4	††Q16.1c	1.8	3.3
21	7	Minefields Expl. 25c.	17	......	—	—	—
155	60	Mount Lyell 25c	98	......	Q15c	ф	8.3
28	15	Newmetal 20c	18	......	—	—	—
55	12	Nickelore N.L.	55	+7	—	—	—
207	137	North B. Hill 50c.	188	......	†Q12c	1.4	3.3
101	44½	Nth. Kalgurli	82	+3	—	—	—
165	90	Nth. Mining Corp.	130	......	—	—	—
184	24	N. West Mining N.L.	128	......	—	—	—
235	144	Oakbridge $A1	205	......	Q12c	4.7	3.0
153	70	Otter N. L.	130	......	—	—	—
230	128	Pacific Copper	210	......	—	—	—
465	255	Pancont'l 25c	365	+5	—	—	—
78	42	Paringa M&Ex.5p	57	......	—	—	—
495	335	Peko-Wallsend 50c.	435	–5	†Q17.5c	ф	2.1
250	140	Seltrust A	168	+2	—	—	—
£14¼	575	Southern Pacific	£11⅝	–¼	—	—	—
100	31	Swan Resources 20c.	93	–2	—	—	—
34	8	West Coast 25c	19	+2	—	—	—
294	177	Westn. Mining 50c.	293	+6	†Q7c	1.6	1.3
30	10	Westmex	14	......	—	—	—
108	56	Whim Creek 20c.	90	–2	—	—	—
34	10½	York Resources	33	+3	—	—	—

Tins

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
25	14	Amal Nigeria 1p	15	......	‡6.0	—	—
345	255	Ayer Hitam $M1	320	+15	‡Q290c	0.9	‡
67	42	Beralt Tin	62	......	4.5	3.2	10.4
260	149½	Berjuntai $M1	260	......	Q35c	ф	6.9
230	150	Geevor	155	–5	8.4	1.9	7.7
12	10	Gold & Base 12½p	12	......	—	—	—
475	310	Gopeng Cons.	475	+5	†25.0	1.8	7.5
350	280	Hongkong	350	+30	‡35.87	ф	‡
107	90	Idris 10p	107	+2	14.0	1.2	18.7
15	12½	Jantar 12½p	13	......	1.5	ф	16.5
97	64	Kamunting $M0.50	95	–2	Q47½c	1.1	11.2
320	150	Killinghall $M1	320xd	+20	††Q50c	ф	3.2
£10	485	Malay Dredging $M1	£10	......	‡‡Q105c	2.6	2.1
42	26	Pahang	42	+2	0.44	0.3	1.5
108	83	Pengkalen 10p	92	–2	6.0	1.3	9.3
320	230	Petaling $M1	315	–5	†Q150c	1.4	10.0
70	57	Saint Piran	65ø	......	‡2.5	6.4	‡
44	22	South Crofty 10p	24½	–3½	1.0	ф	5.8
415	190	South Kinta $M0.50	400xd	......	‡Q150c	1.0	7.6
700	325	Sthn Malayan $M1	690xd	......	‡Q175c	2.1	5.2
305	215	Sungei Besi $M1	265	......	Q480c	ф	36.9
50	22½	Supreme Corp. $M1	50	......	hQ8c	—	3.3
125	90	Tanjong 15p	120	......	5.75	6.0	6.8
95	78	Tongkah H. Tin	80	......	Q45c	1.3	12.6
335	220	Tronoh $M1	335	......	Q250c	0.7	15.2

Copper

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
235	130	Messina R0.50	205	......	mQ10c	ф	2.8

Miscellaneous

1980 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	142	......	—	—	—
97	52	Barymin	62	+2	—	—	—
17	12	Burma Mines 10p	14	......	0.62	1.1	6.4
172	53	Colby Res. Corp.	165	–4	—	—	—
502	285	Cons. Murch. 10c.	285	–15	MQ100c	1.8	20.1
180	95	††Hemerdon 10c.	95	......	—	—	—
585	325	Northgate C$1	370	......	—	—	—
485	327	R.T.Z.	467	–6	15.0	3.2	4.6
33	16	Robert Mines	24	......	—	—	—
112	97	††SPO Minerals 10p	97	–2	—	—	—
58	26	Sabina Inds. C$1	29	......	—	—	—
51	38	††SWCM 10p	38	......	—	—	—
650	411	Tara Expln. $1	450	–10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✻ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –
Albany Inv. 20p	32	......
Bertam	16	+1
Bdg'wtr. Est. 50p	447	......
Clover Croft	60	......
Craig & Rose £1	£11	......
Fife Forge	32½	......
Finlay Pkg. 5p	19	......
Graig Ship. £1	£13½	......
Higsons Brew	75	......
Holt (Jos) 25p	256	......
I.O.M. Stm. £1	162	......
Pearce (C. H.)	465	......
Peel Mills	45	......
Sheff. Refrshmt	103	......
Sindall (Wm.)	142	......

IRISH

Stock	Price	+ or –
Conv. 9% '80/82	£91¼	......
Nat. 9¾% 84/89	£79⅝	......
Fin. 13% 97/02	£94	–¼
Alliance Gas	48	......
Arnott	200	......
Carroll (P.J.)	64	......
Clondalkin	120	......
Concrete Prods.	75	......
Heiton (Hldgs.)	25½xd	......
Ins. Corp.	270	......
Irish Ropes	40	–6
Jacob	31	......
T.M.G.	80	......
Unidare	77½xd	......

OPTIONS

3-month Call Rates

Stock	Rate	Stock	Rate	Stock	Rate
Industrials		I.C.I.	27	Utd. Drapery	6½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	6	I.C.L.	14	Woolworths	5½
B.S.R.	4½	Inveresk	4		
Babcock	8	Ladbroke	15	**Property**	
Barclays Bank	34	Legal & Gen.	15	Brit. Land	7
Beecham	10	Lex Service	8	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	24
Boots	16	"Lofs"	3½	MEPC	17
Bowaters	15	London Brick	6	Peachey	13
B.A.T.	20	Lucas Inds.	17	Samuel Props.	12
Brown (J.)	6	"Mams"	14	Town & City	2
Burton 'A'	10	Mrks. & Spncr	8		
Cadburys	5½	Midland Bank	26	**Oils**	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	32
Debenhams	8	Nat. West. Bank	27	Burmah Oil	20
Distillers	17	P & O Dfd.	10	Charterhall	10
Dunlop	7½	Plessey	14	KCA	11
Eagle Star	15	Racal Elect.	22	Premier	13
F.N.F.C.	2¼	R.H.M.	4½	Shell	35
Gen. Accident	21	Rank Org.	15	Tricentrol	40
Gen. Electric	30	Reed Intnl.	16	Ultramar	35
Glaxo	18	Sears	5		
Grand Met.	12	Tesco	6	**Mines**	
G.U.S. 'A'	34	Thorn	23	Charter Cons.	14
Guardian	23	Trust Houses	12	Cons. Gold	40
G.K.N.	20	Tube Invest.	23	Lonrho	8
Hawker Sidd	15	Unilever	40	Rio T. Zinc	35
House of Fraser	15	U.D.T.	5½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 24

FINANCIAL TIMES
Thursday August 14 1980

Joseph rejects CBI aid plea

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT has rejected the Confederation of British Industry's first request since the General Election for extra State aid to be pumped into industry.

Sir Keith Joseph, Industry Secretary, told the CBI he is not prepared to bring forward £145m this year in regional development grants, even though he recognises such a move would ease liquidity problems of companies in poorer areas.

Sir Keith's formal refusal is contained in a letter sent last night to the CBI's headquarters. It is likely to lead to a major row because the confederation's proposal is backed by political and industrial groups in the regions, especially in Wales and Scotland.

Speaking in Wales yesterday Mr. Brian Rigby, CBI deputy director general, urged the Government to take immediate action to speed up payment of regional development grants. These provide 15 to 22 per cent of the cost of an industrial project in assisted areas.

The CBI wants the Government gradually to abolish a four-month statutory delay in payment of regional development grants. The delay was introduced in last year's June Budget to provide about £145m towards a package of public-spending cuts then at the centre of Government economic policy.

These cuts were backed by the CBL. It wants public spending further reduced. But CBI leaders believe industry's liquidity problems are now so serious that the £145m saving should be given up by the Government.

They believe the cost could be partly offset by likely fall-off in grant payments as industrial investment declines this winter.

This argument was put by a CBI delegation which met Sir Keith for private talks nearly three weeks ago. The Commons Select Committee on Welsh Affairs has also said the four-month moratorium should be cancelled.

But Ministers have refused to budge. Now Sir Keith, in a letter prepared before he left for a holiday in the U.S. at the weekend, has said the moratorium is an important part of the Government's overall policies.

This shows that, even though he is prepared to soften his approach to some forms of industrial aid, especially in areas of high technology, Sir Keith is not prepared to consider a major change of policy.

But a report recently delivered to Ministers by Sir Derek Rayner—the Marks and Spencer executive who is trying to improve efficiency of Government departments — proposes streamlining economies in the operation of the Government's four regional development grant offices.

Last year's moratorium on payments, plus a reduction in staffing at the offices and a rush of applications before cuts in the grants came into force recently, have led to extensive delays of up to eight months or more in payment of grants.

Some companies have reported delays of up to 16 months in Scotland and the North-East. The Government is trying to speed up this administrative work, even though it will not end the four-month delay.

Industry asked to design windmills

By David Fishlock, Science Editor

The Central Electricity Generating Board is challenging British engineering companies to produce a safe, reliable and environmentally acceptable design of windmill for power generation it might instal in England or Wales by the mid-1980s.

Mr. Glyn England, CEGB chairman, disclosed yesterday that his board was seeking a site where it might build a cluster of about ten modern windmills—called aerogenerators—as a demonstration project.

The CEGB believes such a demonstration, using aerogenerators of about the same height as the tallest electricity towers generating 1 MW each, could cost about £10m.

Major British engineering groups, already engaged in aerogenerator design projects, include British Aerospace, Taylor Woodrow, McAlpine, and Northern Engineering Industries.

But the CEGB's challenge is also open to companies licencing technology from abroad, where for example the U.S. aerospace industry has built several big aerogenerators. The U.S. Department of Energy has indicated that it may spend $800m on aerogenerator development and demonstration.

Mr. England said his board was "proposing to introduce a wind machine of significant size into this country. It could be the forerunner of many more. We intend to buy a proven commercial design when such machines are available and show promise of low cost in series production."

He believed that, if a site could be found and a design approved, the first machine could be operating as early as 1985. It could lead to a cluster of "many similar machines about half a mile apart."

As a first step, the board would be buying a smaller machine, of about 100 kW output, to gain some operating experience.

Once the CEGB has found a suitable site for its demonstration, it will be seeking planning permission in the normal way. It will be up to the Government to decide whether to call for a public inquiry on the plans.

The CEGB also has a longer-range interest in building aerogenerators offshore, in the North Sea for example. They will probably be of the vertical-axis or "egg-whisk" design, operating at higher windspeeds out of sight from the shore. The Department of Energy announced earlier this month that it would be funding most of the cost of a demonstration 130 kW aerogenerator of this kind.

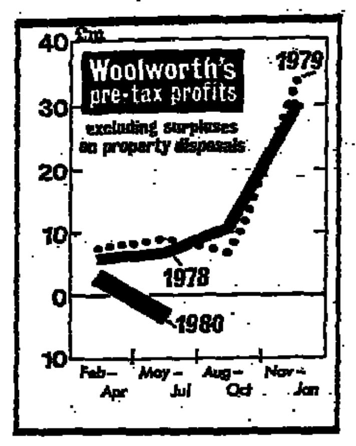
Tilting anew at an old mechanism, Page 6

THE LEX COLUMN

UDT steps out of the lifeboat

The gilt-edged market has traded in a fairly narrow range this week ahead of today's action replay—this time in full colour—of the July money supply figures. The Government Broker may have been instrumental in keeping a rather nervous market on an even keel. But there was no one to shield the equity market from the effects of Woolworth's dividend cut, and the FT 30-Share Index is now nearly 6 per cent below its July peak.

Index fell 6.0 to 474.6



UDT

The long struggle by United Dominions Trust to stay in business as the leading independent consumer credit business is finally drawing to a peaceful close. The deal announced yesterday, whereby the Trustee Savings Banks will take a 75 per cent stake in its UK instalment credit business, will satisfy the financial establishment and has the blessing of the Treasury and the Bank of England. It is not going to send shareholders over the moon, but then their best hope — an outright bid — was beginning to look a little forlorn after six years of waiting.

Despite its steady recovery from the crash of 1974, UDT has remained stuck in a vicious circle. Its profits have been too low to improve its capital ratios, so it has been unable to develop its business to raise its profits. The sharp increase in interest rates was the final straw. UDT's average cost of money has risen by 3½ points in the past two years, and around three-quarters of its instalment credit portfolio is lent at fixed rates.

Thus the group has remained undercapitalised, with a gearing ratio of over 7 to 1 at present compared with a desirable figure of, say 5 to 1. It has been unable to pay a dividend and has continued to need help from the Bank of England's support group (although the figure has come down from a peak of nearly £500m to under £100m).

What happens now is that all the activities of UDT apart from UK instalment credit will be transferred into a new holding company, Endeavour Investments, and UDT shareholders and convertible stock holders will swap their paper for shares in the new company. Three quarters of the shareholders' equity in the instalment credit business will then be replaced by a capital injection from the TSB, which will be putting in £57.75m. That represents net asset value, plus a premium of £5.25m for goodwill.

With customers' deposits of £5½bn and reserves of £400m, the TSB will easily be able to replace the support group's funds and finance the instalment credit on a more profitable basis. Endeavour will be left with net assets of about £100m, and the capital released from instalment credit will much improve the returns on the rest of its business. Annual profits could run at, say, £20m to £25m, and there should be a low tax charge and a dividend. After full conversion, the market capitalisation at 61p is around £119m.

That may be a shade on the high side for a group which is left with some really good businesses, like the International Commodities Clearing House, but which has rather lost its heart. It is also questionable whether the Pru and Eagle Star will want to hold on to their 48 per cent holding forever.

Woolworth

When the spending squeeze is on, the most discretionary shopping chain in the land appears to be Woolworth. The volume of sales in the first half has fallen about 12 per cent — far above the general decline. The company has avoided the temptation to join the price-cutting scramble and gross margins are only a shade down; presumably it believes price reductions would be counter-productive. Nevertheless, once the surplus on property disposals is stripped out, there is a pre-tax loss of £3.1m in the second quarter, against an £8.8m profit last year. Even with £490,000 from property disposals, this has brought the pre-tax profit for the first six months down to £290,000, against £16.3m, and the interim dividend has been cut by 9 per cent.

In spite of the low return on assets, and a poor track record when it comes to attempts to improve that return, the company is now committed to heavy capital spending this year. Including the B and Q acquisition, outgoings here may top £50m. At the same time it may prove difficult to contain working capital. So borrowings are likely to be up £25m or so by the end of the year and the interest charge could be around £14m. In a year in which pre-interest profits are unlikely to be much better than £45m, against £64m, income gearing may jump from a seventh to a third. The increase would be greater but for the company's sensible decision to step up its property sales to the tune of about £20m this year.

Coming so soon after the decision to spend £13m on B and Q's goodwill to expand in the tightly-contested DIY market, the cut in the interim dividend is astonishing. The motive for the cut is to impress the company's workforce, while the strength of the pound insulates the U.S. parent. But for UK investors yield has long been the sole reason for holding the stock and the price fell 4½p yesterday to 51p. Many will be wondering whether their use for the lost £460,000 might not have been more profitable than Woolworth's.

Carrington

Another six months of high interest rates and rising textile imports have finally persuaded Carrington Viyella to throw in the towel on dividend payments. In the first half of 1980 it has shown a pre-tax loss of £1.2m, compared with profits of £5.1m, and extraordinary items of the sort which Carrington user, perhaps quixotically, to charge above the line take the attributable loss after tax and preference dividend to £5.4m.

Some of the losses that were troubling Carrington last year—in carpets, for instance—have been reduced, but there has ben serious slippage elsewhere. Household textiles have been especially badly hit, along with yarn and fabric at the upstream end of the group. Imports from the U.S. seem to have been stepped up over the last few months as the American home market has weakened.

The half-year interest charge is up 70 per cent to £6.1m, and it looks as though net debt may have risen by £10m or so since the December balance sheet, taking it over £70m, more than 60 per cent of net worth. The first priority is to prevent any further increase in borrowings. Capital spending has been slashed along with the dividend, the London headquarters has been sold, and if Carrington can prevent a build-up of stocks during its (theoretically, at least) stronger second half, it will reassure its bankers, along with ICI, which has a 49 per cent stake in the company.

The next step will be to study the consultants' report, which should be ready within weeks. The shares at 11p—less than a fifth of book value—are rightly not looking for any miraculous solutions.

Schmidt warning on trade deficit

By Jonathan Carr in Bonn

CHANCELLOR Helmut Schmidt has warned that West Germany must not try to eliminate its current account deficit too quickly, and so risk placing added balance of payments burdens on countries less able to bear them.

The Chancellor, in an interview with the Nürnberger Nachrichten newspaper yesterday said that this year alone members of the Organisation of Petroleum Exporting Countries would have a joint surplus of about $120bn (£51bn)—meaning a deficit of the same size for the rest of the world.

If West Germany tried quickly to shift its share of this deficit to others, it would simply put a brake on the development of the world economy in 1981.

As Herr Schmidt's remarks were being published, the Bundesbank, the independent central bank in Frankfurt, was producing its own analysis of the country's payments performance in the first half of this year. This emphasised its view that the aim should be to restore a balance by increasing exports, to the OPEC countries in particular, and by producing competitive industrial goods for the home market.

The Bundesbank said West Germany had long been able to make up for its traditional deficits on services and transfer payments with a big surplus on its visible trade transactions. This was no longer true.

Confident

The visible trade surplus from January to June had been only DM 4.5bn (£1.1bn) compared with DM 14.9bn in the same period last year, a result largely of increased import prices, notably of oil. The current account this year was DM 12.3bn in deficit compared with a shortfall of only DM 200m in the first half of 1979.

Herr Schmidt and the Bundesbank are not in direct contradiction. But their comments underline a difference of emphasis apparent since at least the start of this year, when it became clear that the current account deficit for 1980 would be much bigger than last year's.

The Bonn Government appears confident that the deficit will be eliminated gradually. Herr Schmidt even appeared to welcome the deficit on the grounds that it freed him from earlier foreign pressure for West Germany, as a surplus country, to seek to act as "a locomotive of the world economy."

The Bundesbank has clearly been more worried, not least by the influence which a continuing deficit would have on the Deutsche Mark, which has already fallen against other key currencies by about 3 per cent since the start of the year.

Success

So long as the deficit persists, the Bundesbank aims to finance it so far as possible through capital imports. In its latest report, it says it is now having some success in this, after an initial period this year marked by large capital outflows.

But the Bundesbank also says much of hte new inflow is only short-term money which is highly susceptible to interest rate movements.

The comment underlines a key problem for the Bundesbank as the time approaches for it to decide whether to lower discount rate, at 7.5 per cent since May 2. With domestic economic growth slackening, the Government would like to see a reduction. But the current account deficit, combined with the relative weakness of the Deutsche Mark, will force the Bundesbank to weigh the options carefully.

Talbot workers offered 15% in 18-month deal

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

A 15 PER CENT pay offer spread over 18 months has been made to workers at Talbot UK, where 11,500 employees are about to go on short-time.

The new offer, which seemed last night to stand a chance of acceptance by the Talbot unions, came at the same time as BL Cars' shop stewards demanded a 20 per cent pay increase and the state-owned company announced further production cuts and short-time working.

BL, in response to the sharp fall in the UK market, is trimming production of the Ital, the revamped Marina range, launched only last month, from 2,200 a week to 1,960.

The company said sales of the model were going well, but it was essential to contain stocks because of high interest charges.

At Cowley, Oxford, 850 workers have been classified as temporarily surplus to requirements and will go into a "labour pool" for redeployment once the proposed new joint Honda model goes into production. The labour pool will be funded by the Department of Employment's Temporary Employment Subsidy so that all the workforce can be kept on.

At Oxford Exhaust Systems, which supplies most BL models and Leyland vehicles, 600 workers are to go on a four-day week.

Around 4,500 BL car workers are currently on short time. Leyland Vehicles has announced plans to lay off 9,000 workers temporarily because of weak demand.

The BL shop stewards' combine, an unofficial body, voted in Birmingham to press for an increase of £17.21 a week for each of the 85,000 workers.

The stewards say such an increase would represent a 20 per cent rise on the current average wage of £86.03.

Mr. Jack Adams, a Communist, elected combine chairman in succession to Mr. Derek Robinson, the dismissed Longbridge convenor, described the claim as "realistic."

There was "tremendous pressure" for such an increase, he said. However, the demand was received calmly by BL which said that losses, which totalled £122m in 1979, would continue in the current year.

There must be considerable optimism within the company that another single figure pay deal can be achieved, given the apparent lack of militancy and difficult trading conditions.

Union leaders expect extravagant claims to be mounted in advance of the November 1 wage review date, but expect little enthusiasm for any form of industrial action.

At Talbot, where the unions lodged an initial demand for a rise of well over 20 per cent, there has been no sign of unrest in a deal that should have been completed at the beginning of last month.

The company has offered 8 per cent with the promise of another 7 per cent from next April, provided workers accept an 18-month package. This move would put Talbot fo the end of the annual motor industry pay round.

Editorial comment, Page 14
Unions should seek smaller rises, Page 6
BR pay talks, Page 7

Probes of Raleigh and Petter

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE FIRST two investigations under the Companies Act into alleged anti-competitive practices by individual companies were announced yesterday by the Office of Fair Trading.

The two companies named, TI Raleigh Industries and Petter Refrigeration, are both subsidiaries of large industrial groups. Tube Investments and Hawker Siddeley respectively.

The investigations will take about three months and are likely to be followed by a six-month probe by the Monopolies and Mergers Commission to decide the effects on the public interest.

The investigation into Raleigh follows complaints by several retailers that the company refused to supply them with its main brand because of their cut-price policies.

Retailers who have complained to the OFT include the Tesco and Argos stores chains.

Argos said yesterday Raleigh had told it in a letter in January that supplying Argos would "put at risk" independent retailers which are the main outlets for bicycles in the UK.

Raleigh said yesterday it selected its outlets to provide a "strong servicing base in the interests of road safety and continuity of bicycle selling both throughout the seasonal pattern of the year and through bad years as well as good."

Raleigh, which last month sponsored the winning Tour de France team, has about half the UK bicycle market and is a major exporter to the Continent.

Petter Refrigeration, the subject of the second investigation announced yesterday, is a small subsidiary of the Hawker Siddeley Group. Petter is one of the main UK companies supplying refrigeration equipment for lorries in the UK and on the Continent.

It is being investigated for its tactics in prising customers away from rival regrigeration manufacturers. The OFT has to decide whether efforts "to induce or attempt to induce these customers is an anti-competitive practice." The OFT and the company refused to be more specific about allegations which led to the investigation.

Petter said the company intended to comply with the legal requirements of the OFT investigation.

Weather

UK TODAY

CLOUDY start with rain, brighter later.

London, E. England, Channel Is.
Bright intervals, rain spreading from west later. Max. 24C (75F).

W. England, Wales, Isle of Man
Cloudy, some rain. Max. 20C (68F).

S. Scotland
Mostly dry with sunny periods. Max. 18C (64F).

Rest of Scotland, N. Ireland
Changeable, showers developing. Max. 18C (64F).

Outlook: Sunny intervals and showers, drier in South of England later. Normal temps.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	L. Plms.	S	24	75
Algiers	S	30	86	Lisbon	S	25	77
Amsdm.	C	18	64	Locarno	F	25	77
Athens	S	28	82	London	C	22	72
Bahrain	S	40	104	Luxmbg.	C	13	55
Barclna.	S	28	82	Luxor	S	40	104
Beirut	S	30	86	Madrid	S	32	90
Belfast	C	19	66	Majorca	S	28	82
Belgrd.	F	21	70	Malaga	S	27	81
Berlin	C	15	59	Malta	S	28	82
Biarritz	S	24	75	M'chstr.	R	19	66
Bmghm.	R	20	68	Melbne.	S	14	57
Blackpl.	R	18	64	Milan	F	27	81
Bordx.	S	25	77	Moscow	F	21	70
Boulgn.	C	16	61	Munich	R	31	55
Bristol	C	19	66	Nairobi	C	21	70
Brussels	C	17	63	Naples	S	26	79
Budpst.	F	20	68	Nwcstl.	C	16	61
B. Aires	S	17	62	Nice	S	27	81
Cairo	S	35	96	Nicosia	S	29	84
Cardiff	C	21	70	Oporto	F	21	70
Cas'b'ca	S	24	75	Oslo	F	22	72
Cape T.	C	14	57	Paris	C	19	66
Cologne	F	20	68	Perth	S	17	63
Cpnhgn.	F	20	68	Prague	C	17	63
Corfu	F	29	84	Reykjvk.	C	14	57
Dublin	C	20	68	Rhodes	S	28	82
Dbrvnk.	C	27	81	Rio J'o	S	25	77
Ednbgh.	C	16	61	Rome	S	29	84
Faro	S	24	75	Salzbrg.	C	14	75
Florence	F	29	84	Singapr.	C	29	84
Frankft.	F	18	64	Stckhm.	F	23	73
Funchal	F	24	75	Strasbg.	C	18	64
Geneva	C	20	68	Sydney	S	19	66
Gibraltar	S	27	81	Tangier	S	24	75
Glasgow	C	17	63	Tehran	S	29	84
G'rnsey	F	17	63	Tel Aviv	S	30	86
Helsinki	F	22	72	Tenerife	S	26	79
H. Kong	S	31	88	Tokyo	C	29	84
Innsbrk.	C	16	61	Tunis	S	32	90
Invrnss.	C	21	70	Valencia	S	29	84
I.o.Man	F	15	59	Venice	F	26	79
Istanbul	F	28	82	Vienna	C	15	59
Jersey	C	21	70	Warsaw	C	21	70
Jo'burg	S	13	55	Zurich	C	15	59

C—Cloudy. F—Fair. R—Rain. S—Sunny.

IMF agrees to lend India $1bn

BY K. K. SHARMA IN NEW DELHI AND DAVID TONGE IN LONDON

THE International Monetary Fund has agreed to lend India more than $1bn to bolster the country's foreign exchange reserves.

These are the first IMF credits to India for five years. India's reserves have been falling at an accelerating rate for almost a year.

Last September gold and foreign exchange reserves reached $7.7bn, but by this April they had fallen to $7bn. They have since declined to just over $6.2bn.

The first IMF credit is for R5.4bn ($680m) and is from the Trust Fund of the IMF. This fund was established in May 1976 and has been financed from the sale of the IMF gold holdings. It provides balance of payments assistance with interest charged at the nominal rate of 0.5 per cent. Repayment is over 10 years.

The second IMF credit is for R2.7bn ($350m) and is from the IMF's Compensatory Financing Facility. Disbursement is immediate, with no conditions being attached, except that a country benefiting from it has to prove it has had a shortfall in exports.

Although India's balance of payments have been severely affected by the increased cost of oil and fertiliser imports, the reasons given by the IMF for the credit are that India's exports have fallen because of weak external demand, protectionist measures by industrialised countries, and the 1979 drought.

The Compensatory Financing Facility credit is equivalent to 23.2 per cent of India's quota with the IMF. If India can prove further need it can draw up to 75 per cent of its quota, again without having to adopt any particular domestic economic policy.

Apart from the added import burden it has been facing, India has also been forced to turn to the IMF because of the unfavourable climate for foreign aid.

This led to the Aid India Consortium, a committee of lender nations chaired by the World Bank, agreeing at its recent meeting in Paris to relatively low commitments of $3.3bn. In real terms this is slightly below the figure for last year.

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Carter praises Kennedy speech

the House of Representatives.

Mr. Carter's advisers were also exercised yesterday by another platform issue—opposition to the MX missile system, America's next generation of nuclear weaponry.

Defeat of the MX by the convention would "not send a helpful signal here at home or internationally," Mr. Powell said. It might also make the President embarrassingly dependent on conservative Republican votes in Congress to fund the $33bn (£13.9bn) missile project.

Liberal criticism of the MX is intense, and is coupled with regional opposition from the western states of Utah and Nevada, where the 200 MX missiles would be rotated around thousands of shelters in the desert.

"The MX is needed to protect America from the threat of a nuclear Pearl Harbour," according to an administration document circulated to delegates. Mr. Carter promised a fight on the issue all the way to a roll call vote, "even if we don't get but two votes."

Mr. Kennedy's personal triumph and the platform victories did not, however, dispel all the lingering bitterness felt by diehard liberal activists here, several of whom threatened yesterday to leave the party or vote for Mr. John Anderson, the independent candidate, in November.

Mr. Patrick Lucey, former Governor of Wisconsin, and a Carter appointee as Ambassador to Mexico before going to work for Mr. Kennedy, yesterday resigned as a delegate. Kennedy supporters in several delegations said they would resist the Carter attempt to make the President's renomination unanimous and would still put the Senator's name in nomination, even though he has formally withdrawn his candidacy.

...ed by St. Clement's Press for and published ...n House, Cannon Street, London, EC4P 4BY. © The Financial Times Ltd., 1980.